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THE FIVE-YEAR PLAN OF THE HUNGARIAN PEOPLE'S REPUBLIC

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THE FIRST FIVE-YEAR PLAN ACT OF THE HUNGARIAN PEOPLE'S REPUBLIC

January 1st, 1950 — December 31st, 1954

The glorious army of the Soviet Union liberated Hungary from the regime of the German imperialists, crushed the oppressive state-power of the Hungarian capitalists and large landowners and made possible that the Hungarian working people could begin to rebuild Hungarian economy, ruined in the Fascist war.

Our working people, with the working class in the forefront, led by the Communists, the Hungarian Working People's Party, and with the friendly help of the Soviet Union, which was shown in all spheres, fighting against internal and external reaction, and by realising the Three-Year Plan, completed the reconstruction of the Hungarian People's economy.

Thanks to the devoted labour of the working class, the working peasantry and the intellectuals faithful to the people, and to the work competitions, we have completed the Three-Year Plan nearly eight months in advance of the set date.

As a result of the Three-Year Plan, industrial production has risen to 140 per cent of that of the last year of peace.

Production in agriculture has nearly reached the pre-war level.

The standard of living of the toilers is on average 37 per cent higher than before the war. Our people have become healthier and their cultural level has risen.

Fundamental changes have taken place in the structure of our society and people's economy.

Three years ago, factory industry, mining and foundries were almost entirely in the hands of the capitalists. Today they are 92 per cent in the hands of the State. Banking was almost entirely in the hands of the capitalists; today it is in the hands of the State. Foreign trade was almost entirely in the hands of the capitalists; today our foreign trade is entirely a State foreign trade. Our wholesale trade was almost entirely in the hands of the capitalists; at present it is entirely a State wholesale trade. The share of the State and co-operatives in the turnover of retail trade was only 3 per cent; it has at present reached 30 per cent.

Three years ago there were hardly any traces of large-scale and co-operative farming in agriculture; today 7 per cent of the country's arable land is in the hands of the State and the producers' co-operatives and 220 machine stations give assistance to the working peasantry.

Our State became the State of the workers and working peasants, a people's Republic. In our country power is exercised by the working class in alliance with the working peasantry.

Relying on the results of the Three-Year Plan we took with the Five-Year Plan the road to further development and reform of our people's economy. It is the historic merit

of the Hungarian Working People's Party that it initiated and worked out the outline of the Five-Year Plan. The National Assembly of the Hungarian People's Republic passes the law of the Five-Year Plan with the following decrees:

CHAPTER I

THE MAIN TASKS OF THE FIVE-YEAR PLAN

Article 1

The Five-Year Plan has to realise the following main tasks:

1) The acceleration of Hungary's industrialisation; first, the development of heavy and machine industry, as this is the condition for the development of light industry, mechanisation and socialist re-organisation of agriculture, and the modernisation of the communications. This is the decisive internal condition for a further raising of the economic and cultural standard of our people, the strengthening and securing of our People's State and national independence, and the building of socialism in our country.

2) The elimination of the backwardness of our agriculture, a considerable increase in crops, in order amply to ensure the demand of the population for food, to further the provision of raw materials to our growing industry, and that our agriculture exports should contribute increasingly to satisfy the import demands.

3) A further increase in the living standards of our people, their increased provision with all commodities, an improvement in housing conditions, better medical services, a satisfying of the increasing demand of the toilers for culture; the education of our people in the spirit of socialist teaching;

the guidance of the construction of the State economic and cultural life; the training of new leaders, engineers, doctors, teachers, economic organisers, factory managers, officers, State employees, etc., from the ranks of the workers and peasants.

4) The development of our armed forces, our defence forces, according to the clauses of the Peace Treaty. It is only thus that we can stand firm for our independence and fulfil our part together with the Soviet Union, the friendly People's Democracies and the freedom-loving people of the world in defence of peace against the imperialist war-mongers.

5) The transformation of Hungary from an agrarian-industrial country into an industrial-agrarian country; into the country in the economy of which the weight of industry is decisive and which at the same time has a well developed, modern agriculture.

Article 2

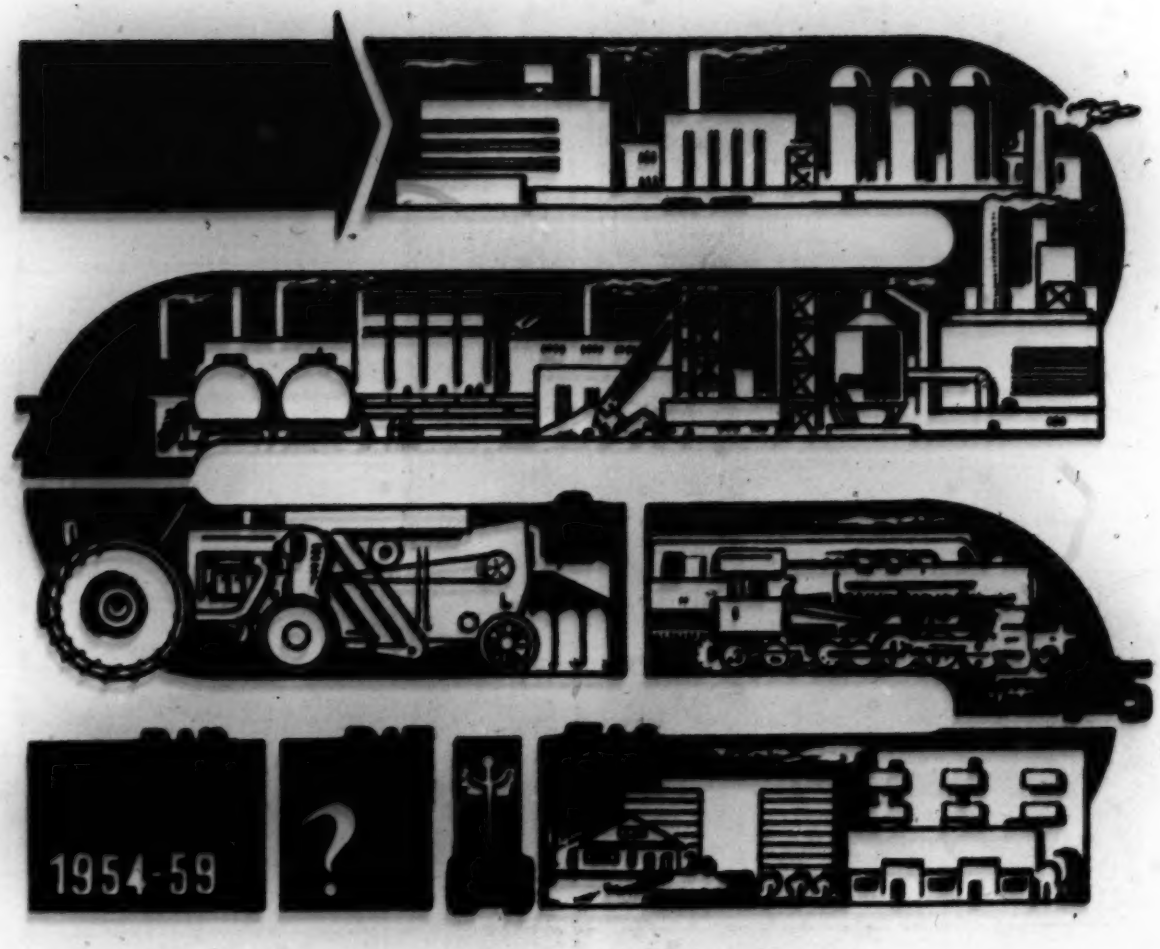
In order to fulfil these tasks it must be ensured that 50.9 milliard forints are invested in the people's economy within five years.

Of this, 21.3 milliard forints are for industry (18.3 milliard forints in the different branches of heavy industry, 3 milliard forints in light industry).

Eight milliard forints will be invested in agriculture (the total amount of industrial, transport, building, health and cultural investments affecting agriculture directly is 12.5 milliard forints).

Seven and a half milliard forints will be invested in the development of transport.

7.4 milliards will be invested in the building of dwellings, development of towns and villages, health protection, social and cultural needs.



The main items of the investments

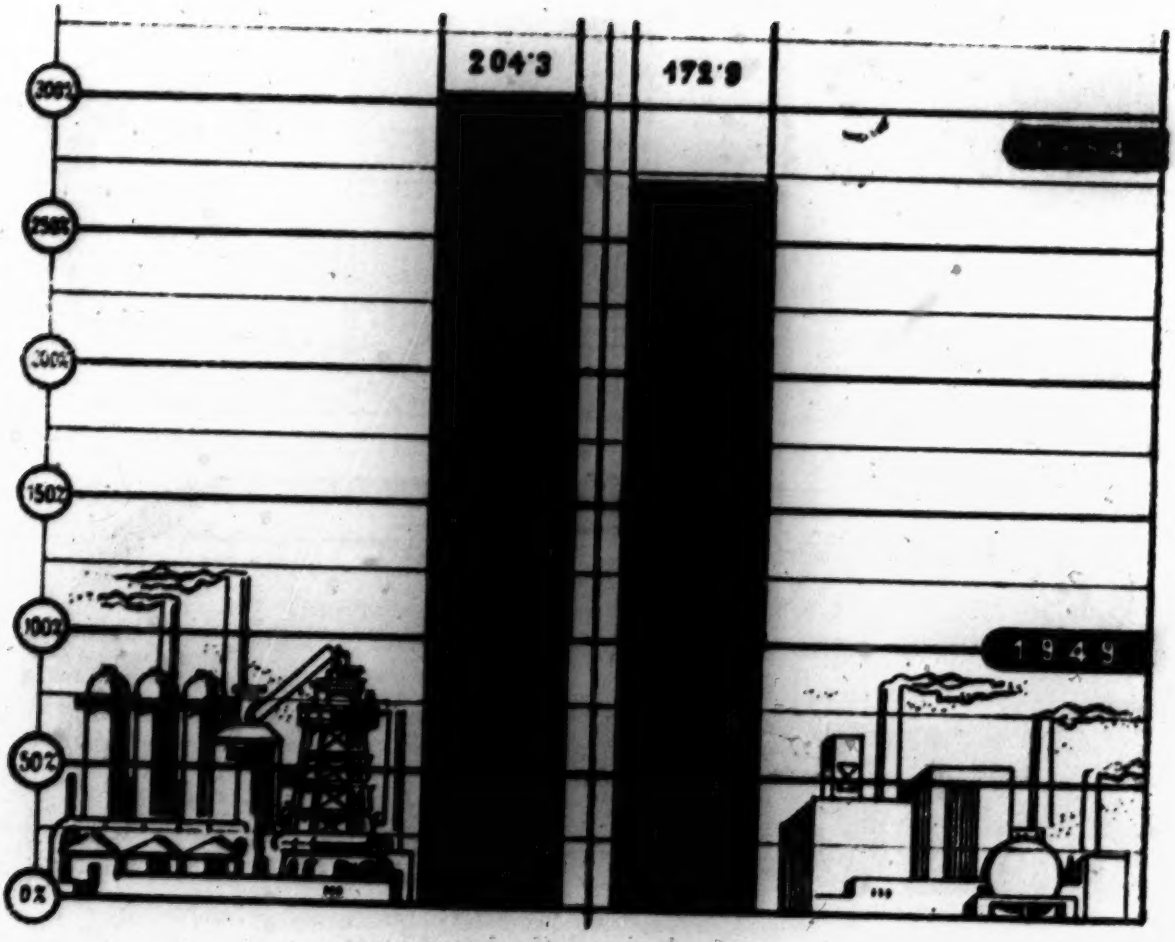
For the development of trade, 0.9 milliard forints.

For investments not yet stated, which might be needed during the implementation of the Five-Year Plan, 2.5 milliard forints must be kept in reserve.

3.3 milliard forints have been put aside for investments connected with the preparation for the second Five-Year Plan.

Article 3

1) As a result of the development of our people's economy the value of the entire industrial production has in 1954 to reach 186.4 per cent of the 1949 yearly industrial production.



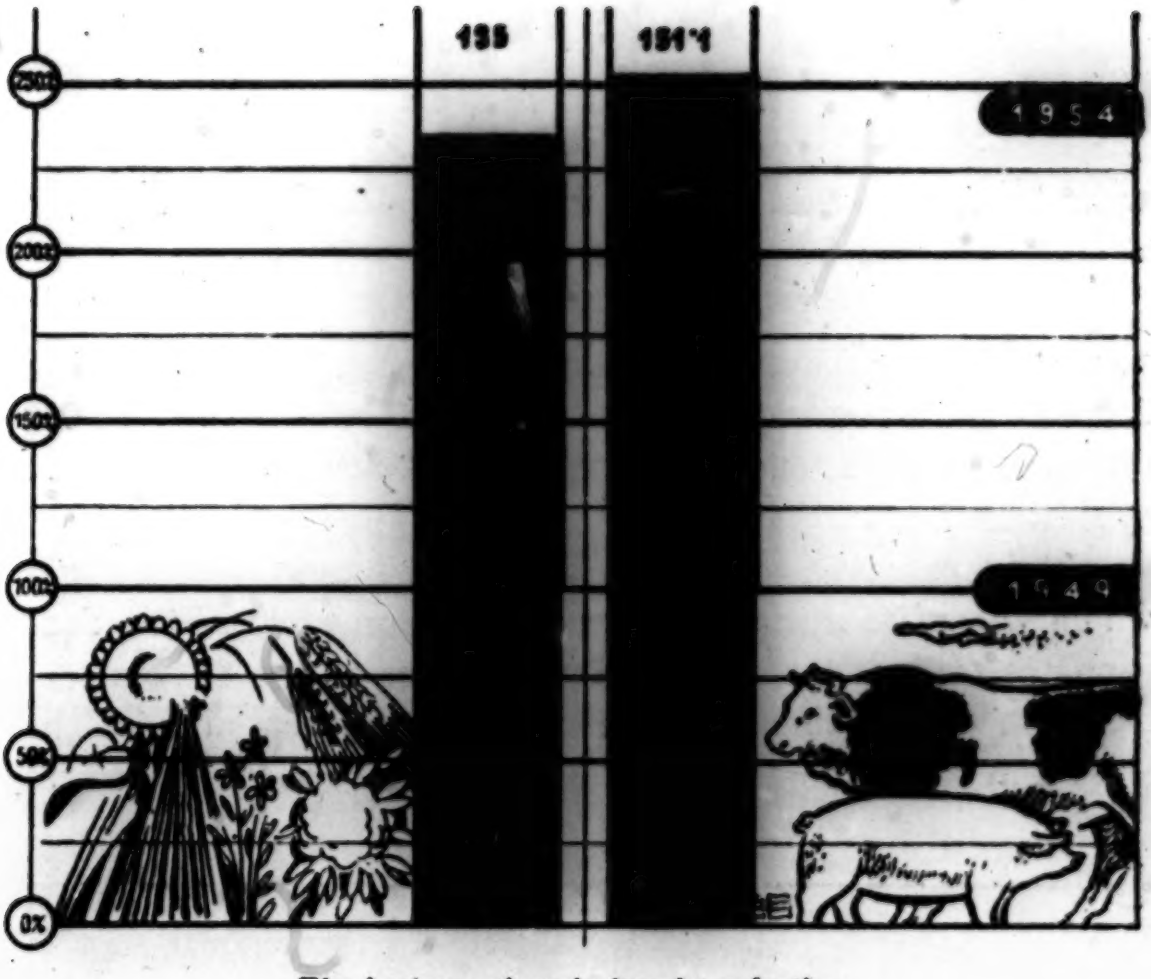
The increase of industrial output

The value of heavy industry production will reach 204.3 per cent of the 1949 yearly production and light industry, 172.9 per cent.

2) The value of agricultural production in 1954 has to each 142.2 per cent of the value of the 1949 yearly production. Crop production will reach 135 per cent, livestock 151.1 per cent.

Article 4

1) From 1950 to 1954 productivity of work in industry has to be raised by 50 per cent.



The increase of agricultural production

2) At the same time production costs in industry have to be decreased by 25 per cent.

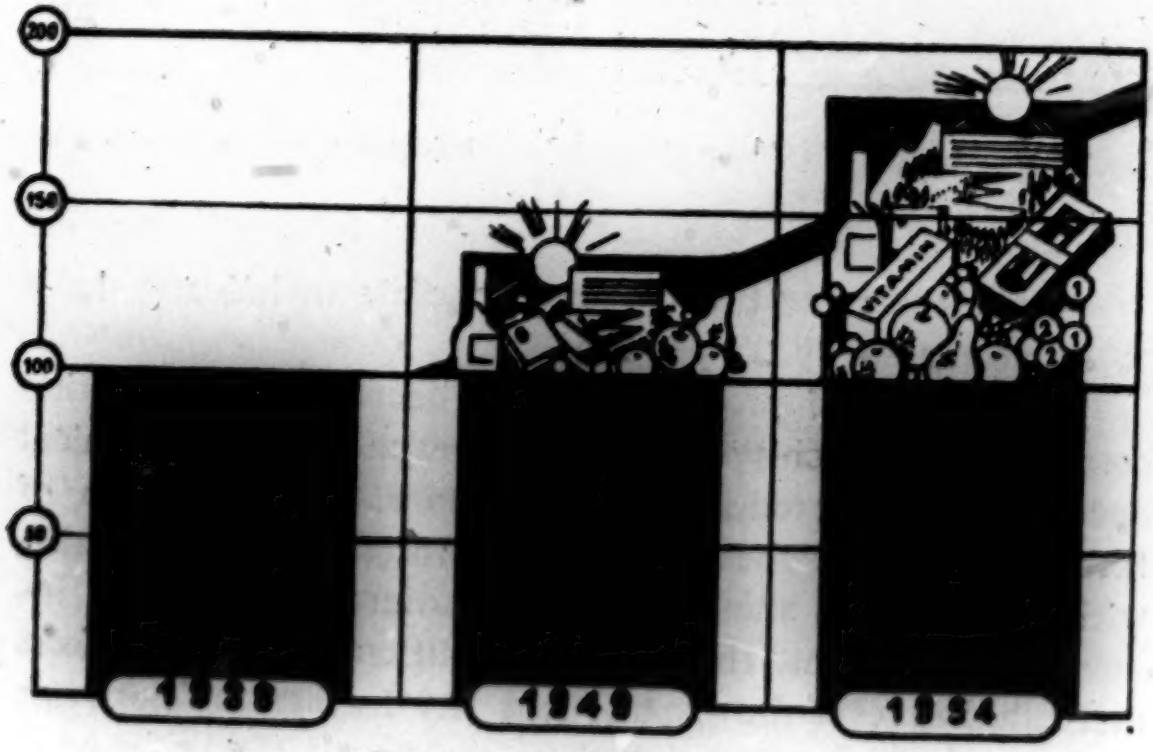
3) Increase of productivity and decrease of production costs has to be achieved by new investments, the technical development of production installations, re-organisation of factories and branches of industry, increased specialisation within industry, standardisation, rationalisation, the innovation movement, the work competitions, the ace-workers and Stakhanovite movement, and the further development of the piece-work rates of wages.

/ Article 5

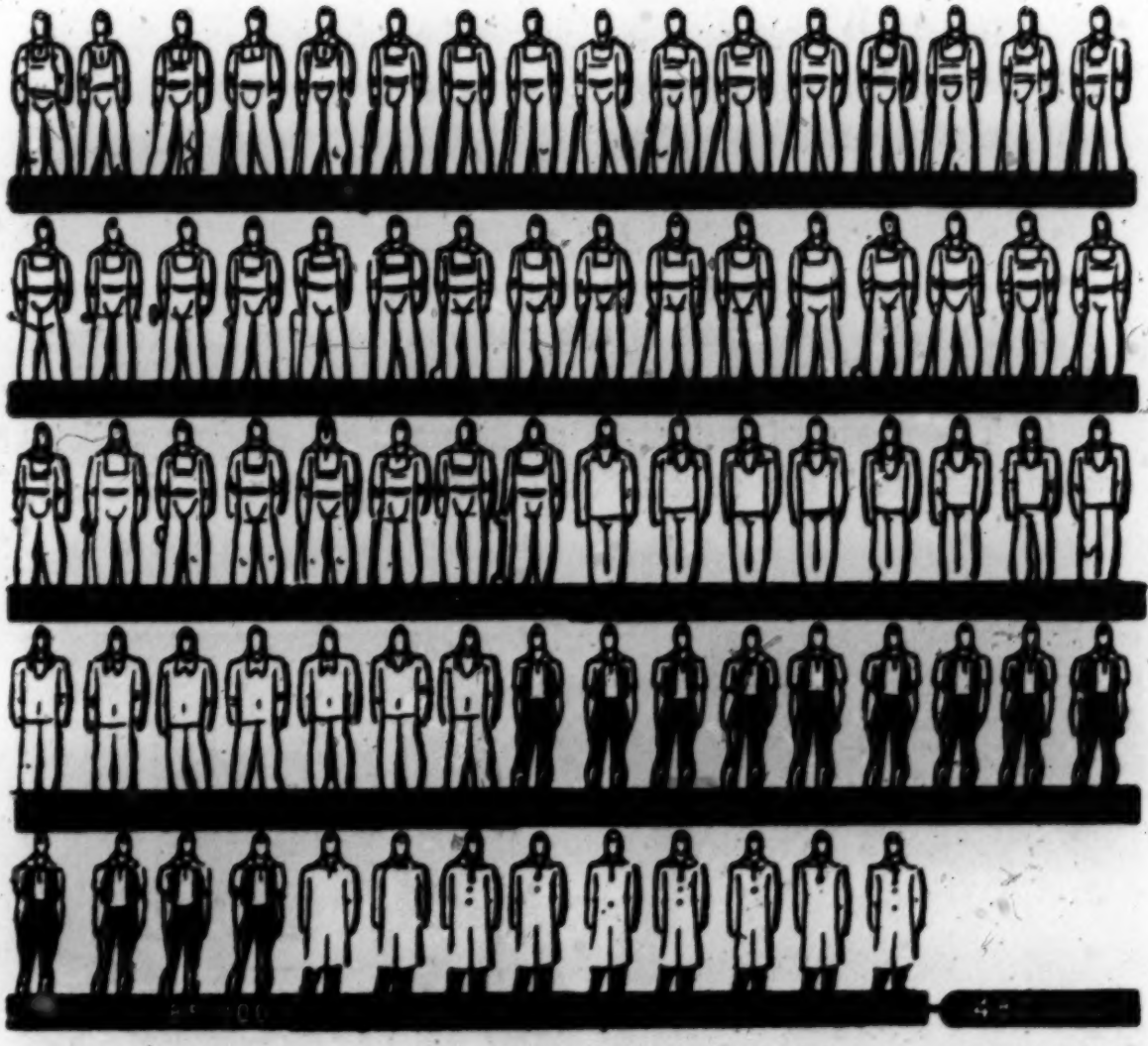
1) The living standard has to increase in the period of the Five-Year Plan on the average by 35 per cent as compared with 1949, and this in 1954 will reach 185 per cent of the average pre-war living standard.

2) In the period of the Five-Year Plan industry will have to absorb 480,000 new workers and employees. This will include 250,000 skilled workers, 92,000 semi-skilled workers, 85,000 unskilled workers, and 53,000 intellectual workers of different professions.

3) In order to secure the demand for new labour power which will arise during the implementation of the Five-Year Plan, as well as for the supplementation of the natural decrease in the number of workers and employees, and for the replacement of those who pass from production work into



The standard of living rises



The industry will have to absorb 480,000 new workers and employees

leading positions in the State, economic or cultural life or elsewhere, the following measures will be necessary:

a) the training of apprentices has to be developed, large numbers of semi-skilled and unskilled workers have to be turned into skilled workers, and the replacement of skilled workers thus assured.

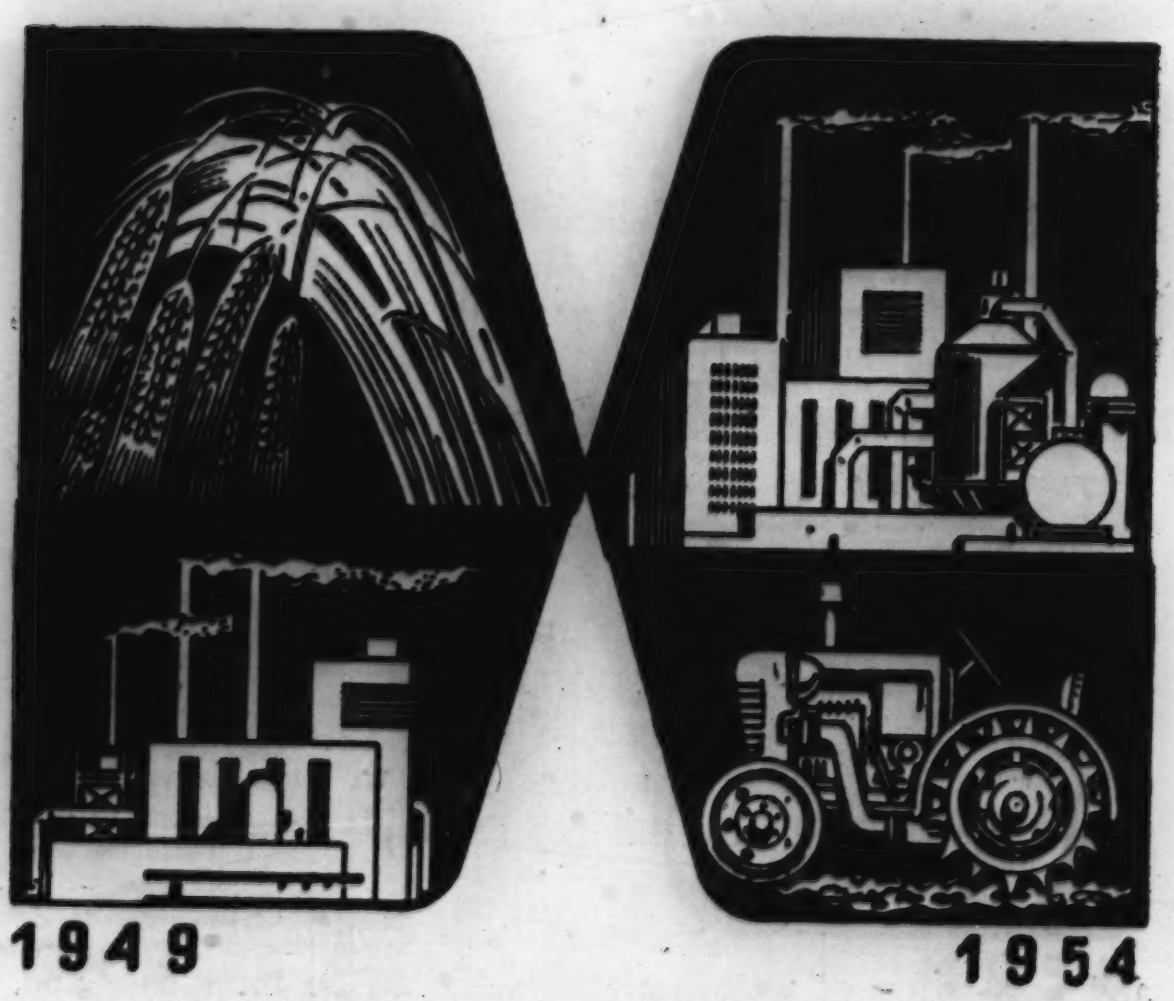
b) In all branches of the people's economy the number and proportion of women workers has to be increased, and equal working conditions and pay has to be assured to them.

c) Part of the seasonal agricultural working population will have to be drawn into industry, where they will receive constant employment and pay.

Article 6

1) In 1954 the value of the national income has to reach 163 per cent of the yearly national income of 1949.

2) The share of industry in the national income will increase from 49.7 per cent to 58.7 per cent between 1949 and



Agrarian-industrial country to industrial-agrarian country

1954. This also expresses the decisive change in the economic structure of our country, the development from an agrarian-industrial country into an industrial-agrarian one.

CHAPTER II

THE PLAN FOR PRODUCTION AND INVESTMENT

A) Industry

Article 7

1) In 1954 the production of mining has to reach the value of 2.153 million forints, which means 55.2 per cent encrease as compared with 1949.

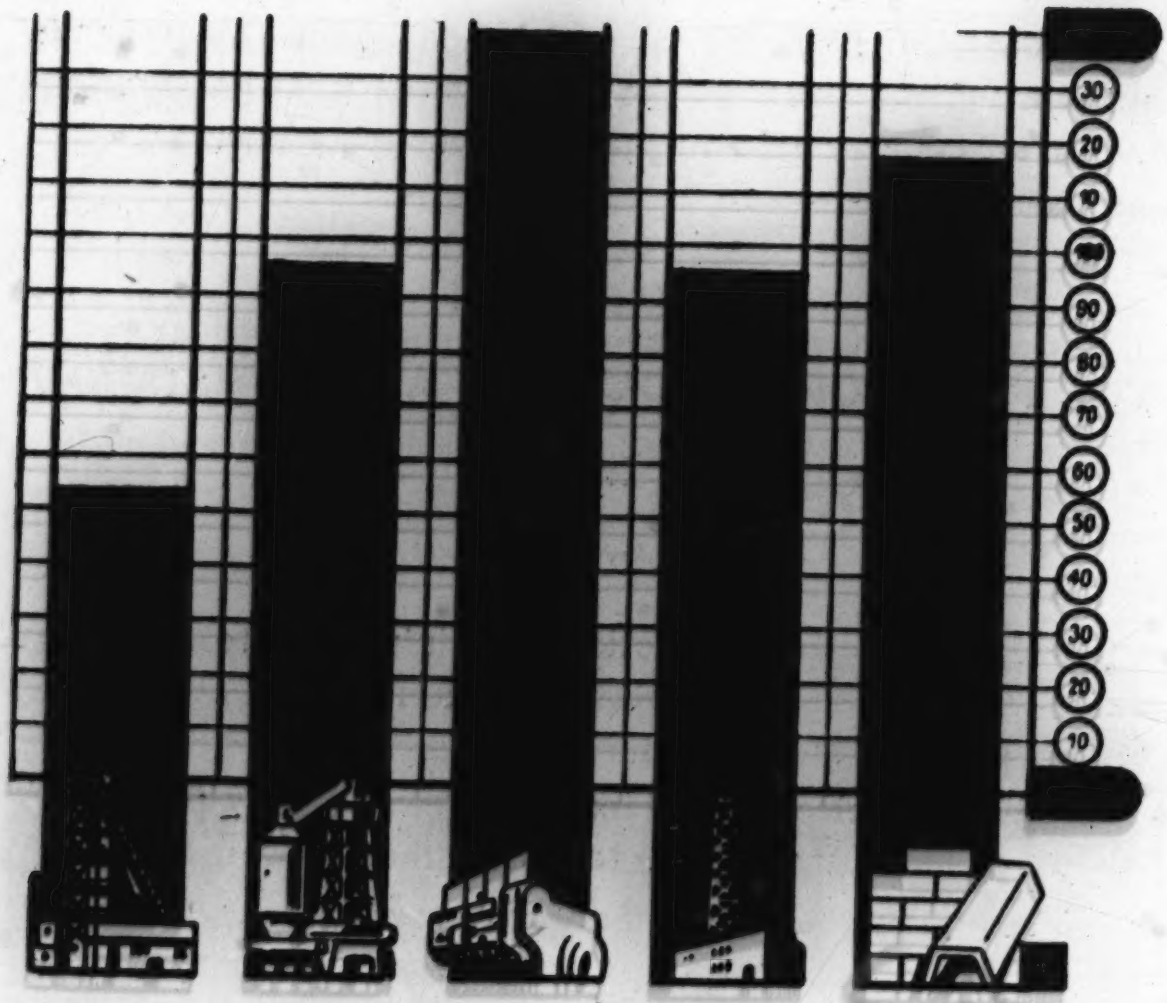
Coal production has to increase from a yearly production of 11.5 million tons in 1949 to 18.5 million tons in 1954.

The mining of iron, manganese and non-ferrous ores, bauxite, crude oil and other raw materials has to increase considerably.

2) Increased production in mining has to be ensured by the investment of 2,465 million forints. The exploitation of existing sources of raw materials has to be increased, new ones have to be found, and mining production has to be mechanised as far as possible.

Article 8

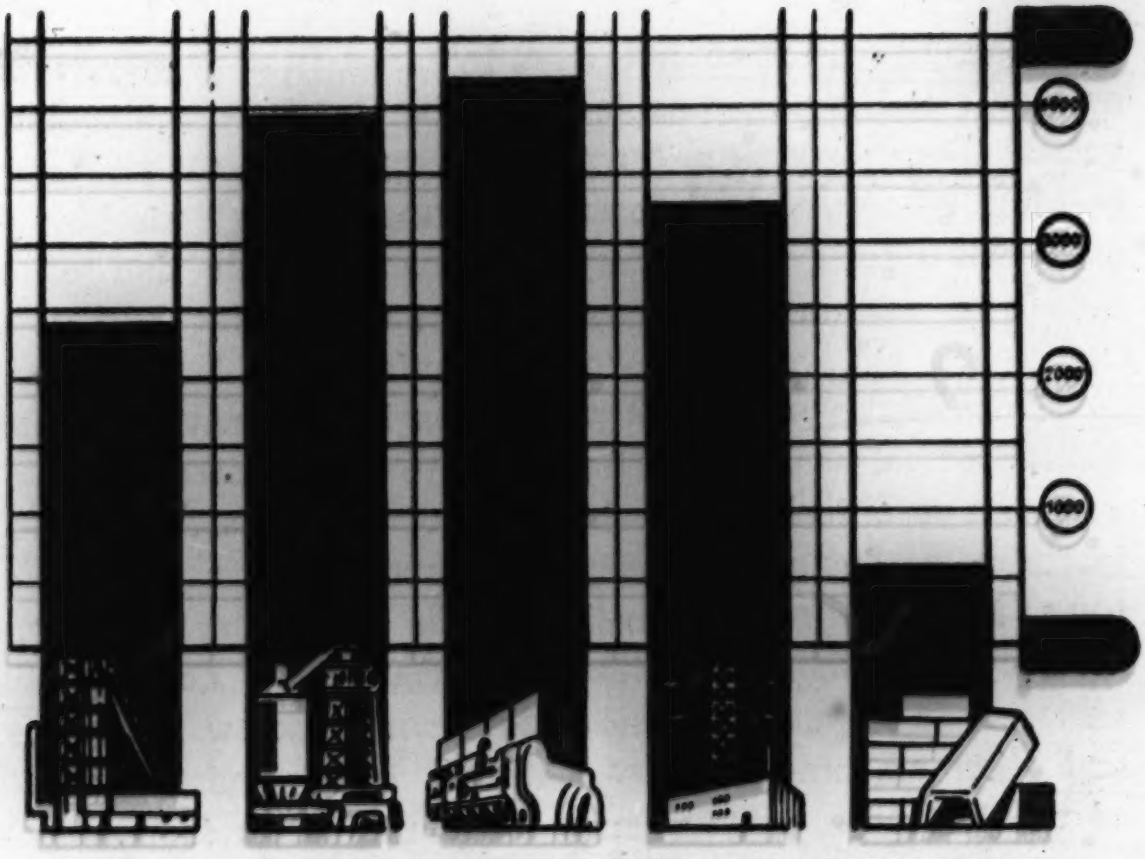
1) By 1954, production of the foundry industry has to reach a value of 4,723 million forints, which means a 95 per cent increase as compared with 1949. Crude iron has to increase from 428,000 tons yearly production in 1949 to 960.000



Rise of industrial output (%)

tons in 1954, and crude steel production from 890,000 tons to 1,600,000 tons. An increase in foundry production corresponding to the increasing demand for alumina, foundry aluminium, ferro-manganese, non-ferrous metals and magnesium has to be assured.

2) In order to increase production, 3,998 million forints have to be invested in foundry work. In the framework of this investment a new high-duty smelting furnace, steel and rolling mill have to be built in Mohács, and also a new ferro-manganese foundry and a new aluminium foundry.



Industrial investments in millions of forints

Article 9

1) In 1954 the production of the heavy machine industry has to reach a value of 7,725 million forints, which means a 138 per cent increase as compared with 1949.

In 1954, as compared with 1949 yearly production, the production of tool-machines will increase in value from 185 million forints to 610 million forints, tractor production from 2,600 to 4,600 units, production of railway cars and motor trains (in IZK goods trains units) from 4,850 to 10,000 units, motor trucks from 3,200 to 9,000 units, motorcycle production from 12,000 to 23,000 units. Steam, electric and Diesel engines have to be produced to the value of 520 million forints.

Machines hitherto not manufactured in Hungary, such as heavy industrial machinery, trolley-buses, combine harvesters, Diesel tractors, tractor harvesters for maize, road-building machines, bull-dozers, building industry machinery, chemical industry machinery, automatic textile and other industrial machines, large railway cranes, mining and dock machinery, etc., have also to be manufactured.

2) In order to increase production in the heavy machine industry, 4,214 million forints have to be invested. This investment will include the building of metal casting works, factories producing machinery for manufacturing machine-tools, flour milling machinery, textile machinery and light industry machinery, medium and heavy iron construction parts, crude oil pumps, Diesel motors, cranes, screws, radiators, and other machine industry factories. In the industrial part of the Borsod county, a new high duty steel factory and a new waggon wheel factory, and, near the Danube, a new bridge and iron construction part factory have to be built.

Article 10

1) Electrical energy production has to increase from a yearly production of 2,200 million KWH in 1949 to 4,270 million KWH in 1954.

2) In order to achieve this increase in electrical energy production, the investment of 3,285 million forints will be necessary. In Várpalota, Barcika and Mohács, power plants have to be built which make use of the low-calorific coal and lignite deposits, in Lovászi a power plant which will use natural gases, in Tiszalök a power plant making use of water-power have to be built. Also by building several small power plants and enlarging existing ones, the planned increase of

electric power production will be assured. In order economically to distribute and transport energy, new 100 KV distribution stations and 100 KV transmission lines of a length of 850 kilometres will have to be built.

Article 11

1) The production of the building material industry in 1954 has to reach 1,149 million forints in value, which means an increase of 114.8 per cent compared with 1949. In 1954, 500,000 tons more cement, 420 million more bricks, 50 million more tiles, 210,000 tons more burnt lime will have to be produced than in 1949. The pre-fabrication of reinforced concrete building parts has to be organised in order that production shall reach 233,000 tons in 1954.

2) In order to achieve this increased production, 618 million forints have to be invested in the building industry. In the framework of this investment high capacity cement grinding factories, brick factories, limesand brick factories, light concrete factories, high-capacity lime factories, hydrotising factories, factories manufacturing refractory materials, concrete material and pre-fabricated reinforced concrete parts, and a factory producing industrial china have to be established.

Article 12

1) Production in the glass industry has to reach the value of 261 million forints in 1954, which means a 26 per cent increase as compared with 1949.

2) In order to achieve this increased production, 16.5 million forints have to be invested in the glass industry and, in the framework of this investment, a new glass fibre factory has to be established.

Article 13

1) Production in the chemical industry has to reach the value of 4,843 million forints by 1954, which means 138 per cent increase as compared with 1949. In 1954 the organic chemical industry has to produce 350,000 tons more household coke and coke briquettes, 50 million more cubic metres of gas for lighting and domestic uses than in 1949, has to start the production of foundry coke, which has to reach 450,000 tons by 1954. The inorganic chemical industry has to produce 240,000 tons more nitrate fertilisers, 240,000 tons more phosphate fertilisers and 1,500 tons more caustic soda than in 1949. In 1954 the light chemical industry has to produce 55,000 tons more vegetable oil, 13,000 tons more soap, and pharmaceutical products of 175 million forints greater value than in 1949.

2) In order to achieve this increased production, 1,934 million forints have to be invested in the chemical industry. In the framework of this investment, a new superphosphate factory, a new nitrate artificial fertiliser factory, and a factory producing caustic soda, a new aniline dye factory, a pharmaceutical factory, and a factory producing plastics will have to be established.

Article 14

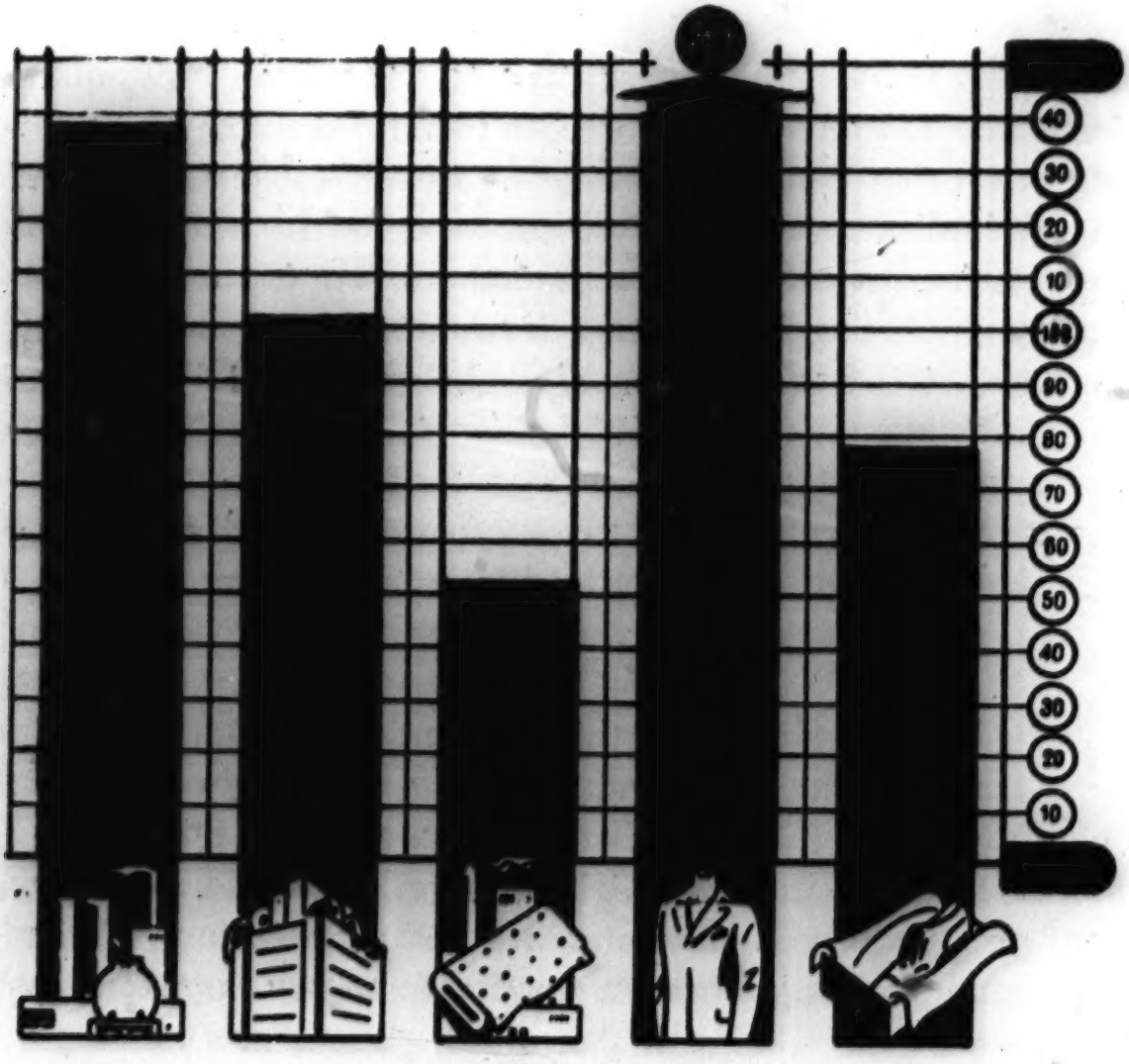
1) By 1954, the hardware industries, the precision industry, the high-power electric industry and telecommunication industry have to produce goods to the value of 3,834 million forints, or an increase of 101.4 per cent as compared with 1949. In 1954, the hardware industry (producing iron nails, wire, etc.), has to produce to the value of 587 million forints compared with 306 million forints in 1949. The agricultural

hardware industry has to produce to the value of 49 million forints compared with 35.5 million forints, the domestic hardware industry (household utensils, stoves, cookers, steel and metal furniture, etc.), has to produce to the value of 435 million forints compared with 290 million forints. The industry producing high-voltage installations (dynamos, transformers, etc.) has to produce to the value of 1,395 million forints as compared with 680 million forints. In 1954, 75,000 more wireless sets, 13 million more electric bulbs, 1.5 million more radio valves, 22,500 more typewriters and calculating machines, precision measuring instruments, watches and clocks, surgical instruments, etc., have to be produced than in 1949.

2) Nine hundred and thirty-six million forints have to be invested in the above industries. In the framework of this investment the following factories have to be established: new factories producing high voltage installations, a new hardware factory, a new precision industry factory, a new telecommunication goods factory and a new krypton gas factory.

Article 15

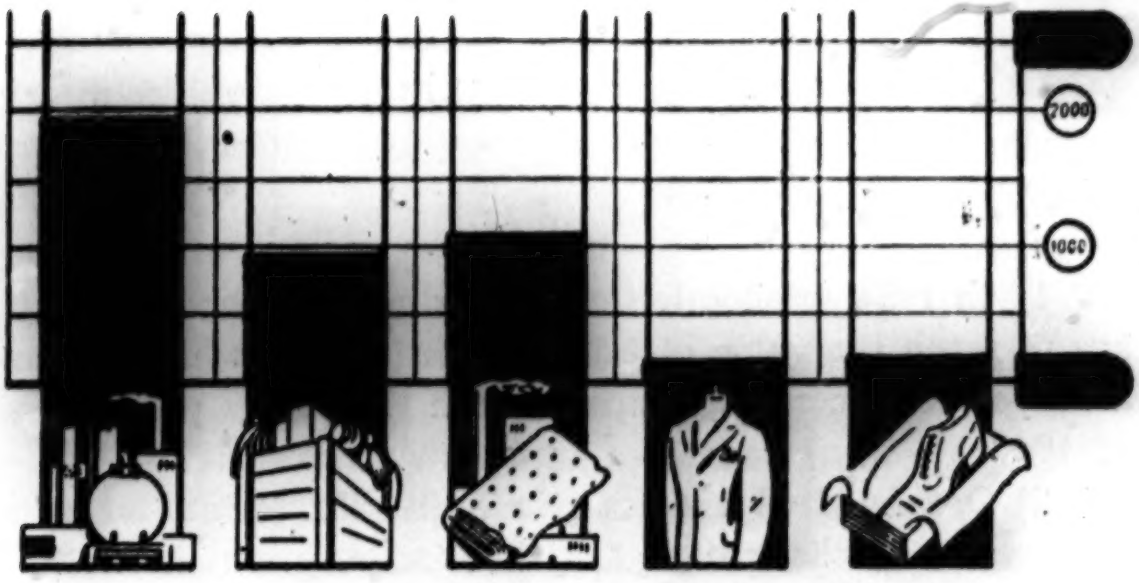
1) Production of the textile industry has to reach the value of 9,267 million forints in 1954, which means a 52 per cent increase compared with the yearly production of 1949. In 1954, 15.900 tons more cotton yarn, 4,200 tons more woollen yarn, 2,200 tons more linen and hemp yarn, 91 million square metres more cotton cloth, 10.9 million square metres more woollen cloth, 4.4 million square metres more silk material, 478 tons more hosiery goods, 865,000 dozens more pairs of cotton stockings, 196,000 dozens more pairs of silk



Rise of industrial output (%)

stockings, have to be produced compared with the yearly production of 1949.

2) In order to reach this increased production, 1,051 million forints have to be invested in the textile industry. In the framework of this investment, the existing productive installations have to be enlarged and modernised, automatic weaving machines and other modern productive installations have to be set up, and it has to be ensured that full advantage is taken of the productive capacity of existing machinery;



Industrial investments in millions of forints

new spinning and weaving factories, a worsted spinning factory, a rayon factory, and a hemp-spinning factory have to be established.

Article 16

1) In order to provide the toilers with better and cheaper clothing, the clothing industry has to be developed into a large scale industry, and it has to be assured that production reaches 2,609 million forints in the year 1954, which means a 250 per cent increase compared with the yearly production of 1949. In the year 1954, 1,582,000 more units of men's outer clothing, 607,000 more units of women's outer clothing, 740,000 more units of working clothes, 2,800,000 more units of men's and women's underwear, 1,210,000 more units of children's clothes will have to be produced than the yearly production results of 1949.

2) The fulfilment of planned production in the clothing industry has to be furthered by the investment of 190 million

forints. In the framework of this investment 12 new clothing industry factories have to be established.

Article 17

1) In 1954, production of the leather and shoe industry has to reach the value of 1,500 million forints, which means a 78 per cent increase compared with the yearly production of 1949.

2) One hundred and thirty nine million forints have to be invested in the leather and shoe industry. In the framework of this investment, a new leather and shoe factory has to be established.

Article 18

1) Production of the rubber industry in 1954 has to reach 544 million forints, which means a 154 per cent increase compared with 1949. In the year 1954, 107,500 more motor-vehicle tyres, 1,400,000 more bicycles tyres, and 3,600 tons more technical rubber articles have to be produced compared with the yearly production results of 1949.

2) The investment in the rubber industry has to total 61,600,000 forints.

Article 19

1) In 1954, production of the timber industry has to reach a value of 969 million forints, which means a 78.4 per cent increase compared with 1949. In the year 1954, 149 million forints' worth of furniture above the 1949 value and 88.5 million forints' worth of joinery products above the level of 1949 have to be produced.

2) The total investment in the timber industry has to be 78 million forints. In the frame-work of this investment, new factories manufacturing various types of timber products, new furniture factories, new joineries and new ply-wood factories have to be constructed.

Article 20

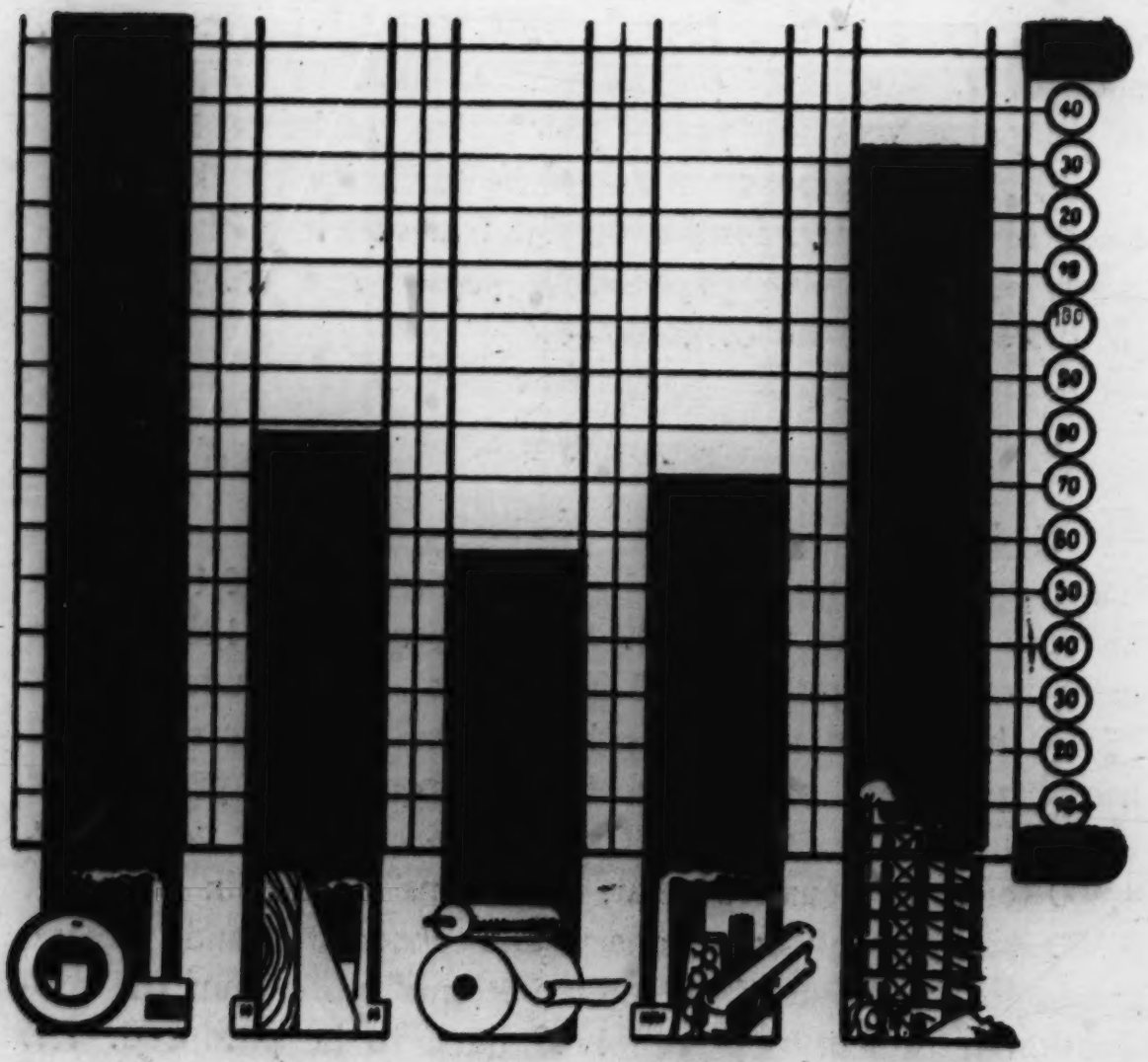
1) In 1954, the value of the paper and printing industries has to reach 1,357 million forints, which means a 56 per cent increase compared with 1949. In 1954, 28,100 tons more paper, and 16,800 tons more printed matter have to be produced, as compared with the yearly production results of 1949.

2) Planned production has to be furthered by the investment of 165,200,000 forints. In the framework of this investment, new cigarette paper, fine paper, and wood-pulping factories have to be constructed.

Article 21

1) In 1954, agricultural processing industry production has to reach 9.3 milliard forints, which means a 70.1 per cent increase compared with 1949. In the year 1954, 135,000 tons more refined sugar, 170,000 hectolitres more crude alcohol, 75,000 hectolitres more of other alcoholic products, 250,000 hectolitres more malt beer, 850,000 tons more products of the milling industry, 22,000 tons more canned vegetables, 4,400 tons more canned meat, 4,200 tons more milk products, 8,600 tons more confectionery and chocolate, and tobacco goods to the value of 89 million forints more than the production results of the year 1949 have to be produced. The deep-freezing industry has to be developed.

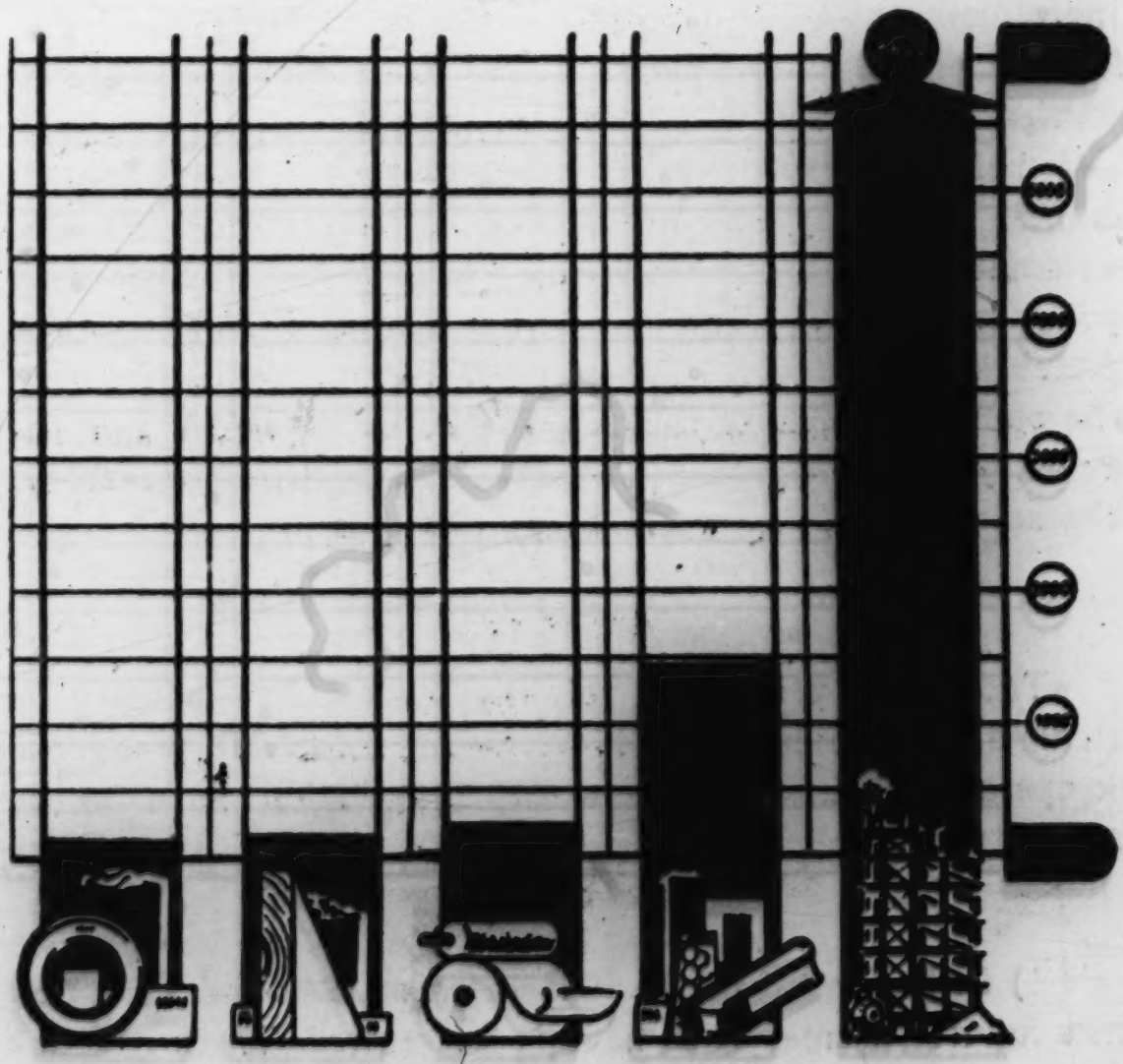
2) The implementation of planned production and the raising of quality of agricultural industry products has to be furthered by the investment of 1,383 million forints. In the framework of this investment, new flour mills, a poultry processing factory, a meat-processing factory in each county, a bread factory, storage capacity for 60,000 waggon loads, and a cold-storage capacity of 2,000 waggon loads, and a new starch factory have to be established.



Rise of industrial output (%)

Article 22

1) The building and construction industry has to carry out work to the value of 21,345 million forints during the period of the Plan. For industrial construction, 5,919 million forints; for agricultural construction, 3,389 million forints; for transport construction, 4,475 million forints; for commercial construction, 270 million forints; for apartment houses and dwelling houses (development of villages) 5,130 million



Industrial investments in millions of forints

forints; for buildings of a social nature, 771 million forints; for building of a cultural nature, 1,391 million forints will be spent. Building production in the year 1954 has to reach 5,536 million forints, which means a 131 per cent increase compared with 1949.

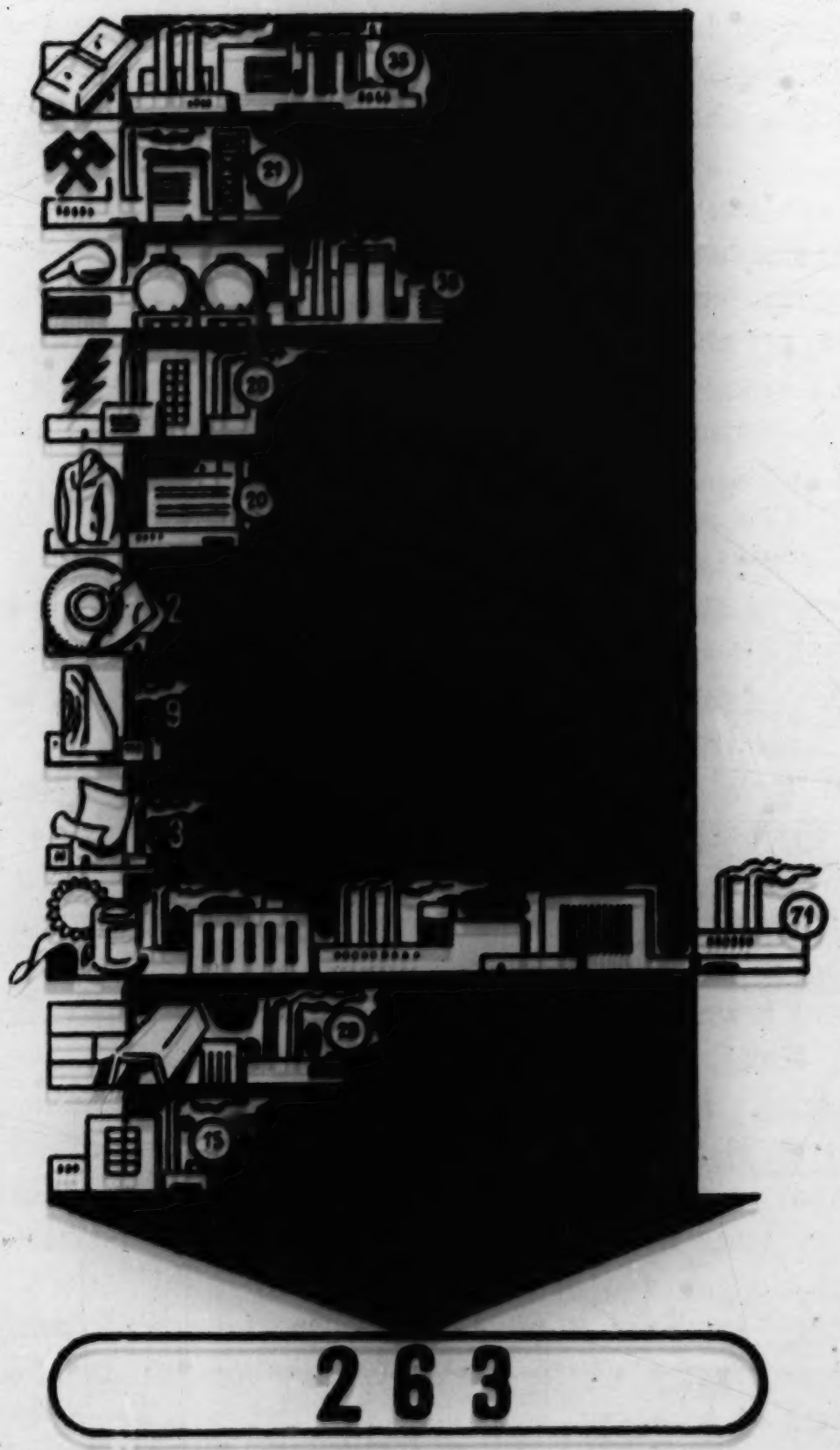
2) The fulfilment of planned production has to be furthered by the investment of 543.5 million forints in the "high-construction" (bridges, steel frame building, etc.) industry, and of 318.5 million forints in the "deep construction" (canals, reservoirs, tunnels, etc.) industry. In the framework of this investment the building industry has to be reorganised during the period of the plan and has to be developed into an efficient large scale industry by mechanisation and modernisation of working methods. It has to be provided with modern cranes, high duty concrete mixers, vibrators, dredgers and automatic rams, excavators, winches and other high duty power machines, tip carts and other means of transport. The prefabrication of construction parts has to be carried out, the standardisation of building has to be organised and the industry has to be provided with such means that the seasonal character of building work should disappear.

Article 23

The 1954 production of the handicraft industry is planned on the level of 1949. Small industrial producers' co-operatives based on voluntary association have to be supported.

Article 24

1) In the period of the Plan between 1949 and 1954, 263 new industrial enterprises have to be created. These include: 35 iron, metal and machine factories, 21 mining enterprises,



263 new industrial plants will be established

38 chemical factories, 20 electrical power-stations to be built or considerably enlarged, 20 textile and clothing factories, 2 leather, shoe and rubber factories, 9 timber factories, 3 paper factories, 71 agricultural processing factories, 29 building factories, etc.

2) The far-reaching mechanisation of heavy and unhealthy work has to be organised, in order that the workers should be able to carry out the major part of the work by machines instead of by hand. In this way, work will not only become many times more productive, but also much easier.

3) As a result of the reorganisation, and further development of our industry, the part played by the iron and machine industry in the total industrial production will change fundamentally: the iron and machine industry, which in 1938 represented 20 per cent of the total industrial output, will in 1954 represent 31 per cent.

4) As a result of the implementation of the Five-Year Plan, the backward agricultural provinces — previously poor in industry — such as the counties east of the Tisza, the Tisza-Danube Plain, and Transdanubia, will be industrially developed. Growing industries will be developed in the following towns: Szeged, Debrecen, Hódmezővásárhely, Békéscsaba, Makó, Szolnok, Kecskemét, Kaposvár, Zalaegerszeg, Esztergom, Kalocsa, Eger, Székesfehérvár, Szombathely, Veszprém, Nyiregyháza, Gyöngyös, Szekszárd and others.

Apart from the industrial centre of Greater Budapest, two new large heavy industrial centres have to be formed: that of Borsod, and of Pécs-Mohács.

The Five-Year Plan changes the social-economic map of the whole country, eliminates the century-old industrial backwardness of Hungary.

B) Agriculture

Article 25

In order to abolish the backwardness of our agriculture, and to increase the yield:

1) Large scale mechanisation has to be undertaken. The fertility of the soil has to be increased — mainly by greater use of artificial and natural fertilisers — improved seeds have to be provided, highly-developed agricultural methods have to be widely used, the area of irrigated land has to be increased, soil improvement has to be carried out in large areas, protective afforestation has to be commenced, livestock has to be improved through artificial insemination, and imports; the area under leguminous fodder crops has to be increased and the veterinary and plant protection services have to be raised to a higher level.

2) Large-scale communal, socialist farming has to be increased and developed, as the type of farming which is alone suitable for taking full advantage of modern production means and methods in agriculture.

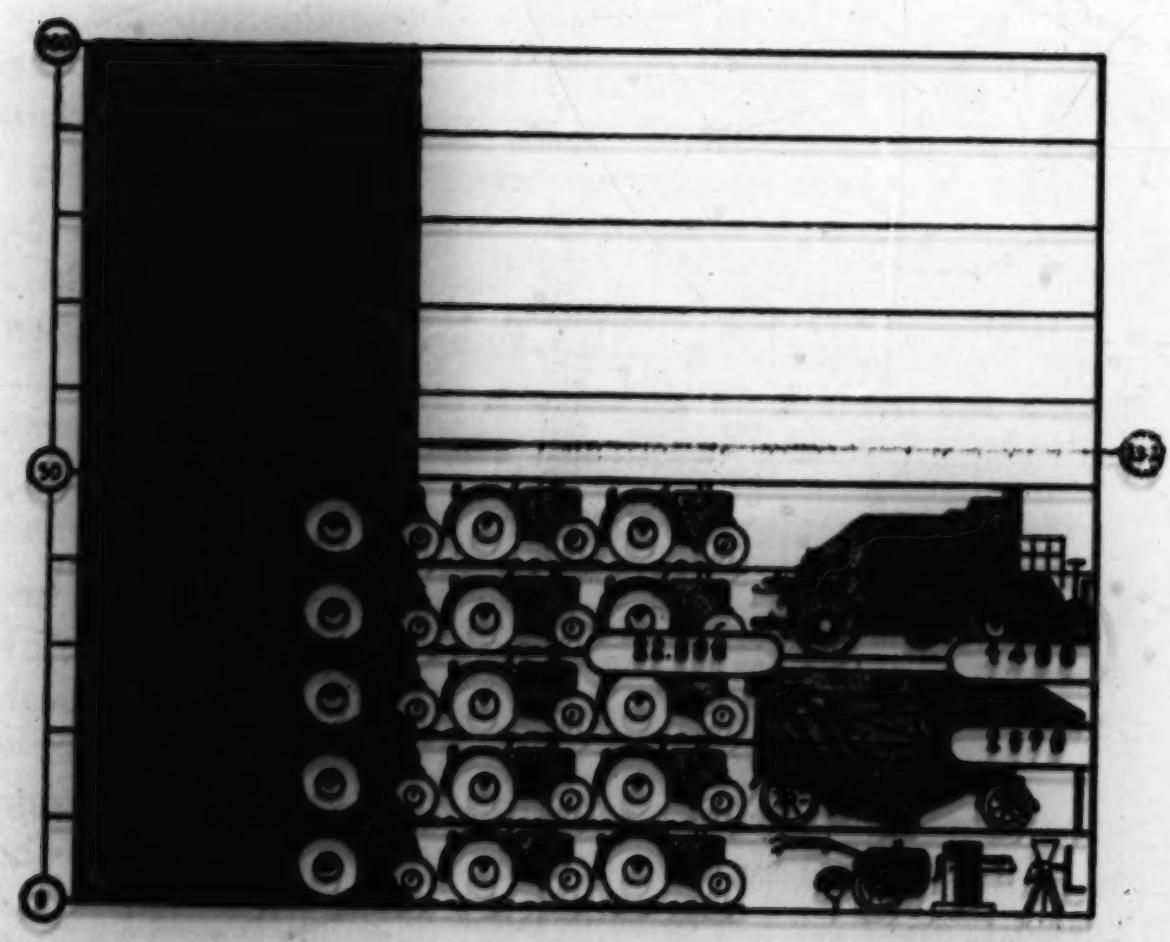
Article 26

1) Mechanisation of agriculture has first of all to be ensured by the increase in the number of machine stations, by further development of the already existing ones, and through the mechanisation of State farms. In view of the decisive importance of mechanisation, 50.3 per cent of the total sum to be invested in agriculture from State sources during the period of the Plan has to be devoted to mechanisation. It has to be ensured that in the last year of the Plan, in 1954, there

should be 22,800 State tractors working in agriculture, which means that for every hundred hold*) there will be 8.5 horse power. In 1954, 60 per cent of the arable land of the country, about 6 million hold has to be worked by tractors. Besides increasing the number of tractors, 1,400 combine harvesters, 2,570 new threshing machines and a large number of other large and small agricultural machines have to further the increase of the yield.

2) In the period of the plan, 280 new machine stations have to be established; the number of machine stations at

*) 1 hold = 0.57 ha



Over 50 per cent of all agricultural investments is earmarked for mechanisation

work being raised to 500, the number of tractors from 3,000 in 1949, to 19,500. Machine stations have to be provided with all necessary agricultural machines and means of transport and care has to be taken that the type of mechanical equipment corresponds to the peculiarities of soil cultivation in their areas.

Article 27

In 1954, in order to supplement the strength of the soil, four and a half times as much artificial fertiliser as was used in 1949 has to be put at the disposal of agriculture.

The use of natural fertilisers has to be increased by 31 per cent, which will be ensured by the increase of the livestock population, as well as by the large number of stables to be built.

Article 28

Production of high-quality seeds has to be increased to such a degree during the period of the Plan in order that it should be possible to exchange regularly ordinary seed for the improved variety, as needed by different crops; in the case of cereals, every four years, and other plants, on an average of every two or three years. One hundred and fifty million forints have to be invested to provide improved seeds and to further plant improvement.

Article 29

1) During the period of the Plan, the irrigated area has to be increased by 118,000 hold and thereby the total of irrigated territory will have increased to 164,000 hold. The irrigated area will have to be primarily used for fodder crops,

and also for the increase of rice production, as well as for the expansion of irrigated pasture.

2) In order to develop irrigation, 496,000 million forints have to be invested during the period of the Plan. The large dam near Tiszalök, the irrigation canal east of the Tisza will have to be built, and the construction of the dam near Tiszabő has to be commenced.

Article 30

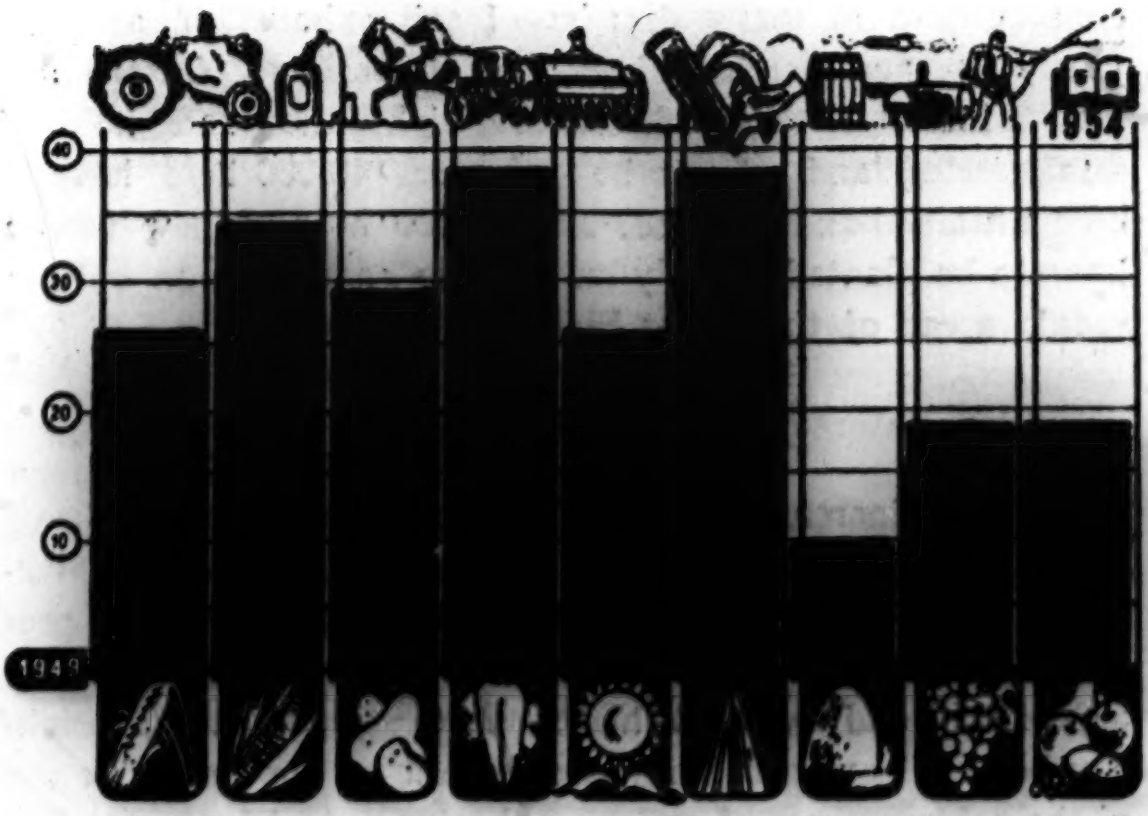
During the period of the Plan, 30,000 hold of sodaic soil, and 70,000 hold of acid soil have to be improved by State means; the agricultural producer co-operatives have to be supported in the implementation of work concerned with the improvement of the soil; by experimenting with modern methods of soil improvement, the preliminary conditions have to be created for the improvement of the large sodaic and acid soil areas of the country.

Article 31

1) Mechanisation, increased use of fertiliser, plant improvement, irrigation and other measures have to result in the following average increase in crop yields: wheat, 13 per cent; rye, 27 per cent; spring barley, 7 per cent; maize, 35 per cent; potatoes, 30 per cent; sugar-beet, 39 per cent; sunflowers, 27 per cent; flax, 31 per cent; hemp, 39 per cent above the average yield of 1949.

2) The yield of pastures and meadows in 1954 has to be 10.5 per cent above the yearly yield of 1949.

3) Market gardening, wine and fruit production has to yield in such a way that, by 1954, it should surpass by 20 per cent the yield of 1949.



Average crop is higher

Article 32

During the period of the Plan, experiments have to be carried out with the intention of growing crops hitherto not cultivated in Hungary. Cotton has first of all to be acclimatised, and measures have to be taken that the raw material demands of the Hungarian textile industry should be satisfied to a larger extent by home-grown cotton. It is to be endeavoured that by the last year of the Plan period 100,000 hold should be planted with cotton.

Article 33

During the period of the Plan, conditions have to be created in the sphere of forestry to eliminate the damaging

consequences of many decades of soil exhaustion, and the yearly average increase of growing timber by 300,000 cubic metres has to be ensured. Seventy-eight thousand hold of disafforested land have to be replanted, 40,000 hold have to be maintained and renewed, and 50,000 hold of new forests have to be planted, mainly on shifting sand and on certain sodaic areas of the Great Plain.

Article 34

1) The increased yield of livestock has to be achieved by raising the quantity and developing the quality of livestock. Primarily, the livestock of the State farms and producers' co-operatives has to be developed. The fattening of pigs, cattle and livestock has to be developed in the neighbourhood of towns and large settlement by the extensive use of the achievements of agricultural science, and by expanding the organisation for the mass fattening of livestock.

2) The number of livestock has to be increased in order that, by 1954, we shall possess 2,400,000 cattle, 5,600,000 pigs, 1,600,000 sheep, 750,000 horses, and a permanent number of poultry of over 22 million.

3) Following the qualitative improvement of livestock during the period of the Plan, the milk yield shall be raised per cow by 20 per cent, weight of pigs for slaughter by 18 per cent, and the yield of sheep wool by 13 per cent, as an average for the whole country.

4) As a consequence of the development of livestock breeding, the increased need for fodder has to be assured by the raising of the area sown with leguminous fodder crops from 10 to 13.4 per cent of the total arable land, apart from the increased production of different varieties of fodder crops.

Article 35

1) During the period of the Plan the State farms have to be developed into an important economic power which, as socialist large-scale enterprises, as model farms and as the centres of scientific cultivation of agriculture, serve as examples of good farming, help firstly the producers' co-operatives and the working peasantry with livestock breeding, improved seeds, and at the same time contribute to provide the population not engaged in agriculture with the necessary foodstuffs.

2) During the period of the Plan 1.5 milliard forints have to be invested in order to develop and mechanise State farms, provide them with livestock, agricultural buildings, etc.

Article 36

1) Our agricultural producers' co-operatives, as the voluntary associations of the working peasantry for the communal cultivation of the land, and as large-scale farms on the road to socialism, have to receive far-reaching State support, and the development of the producers' co-operative movement has to be furthered.

2) The producers' co-operatives have to be ensured of long and short term credits. In order to develop their production, 875 million forints have to be invested for the construction of stables, silos, grain stores, storehouses, for the acquisition of livestock and machinery, and not counting 2.5 milliard forints of other investments which will extend the network of machine stations and by other measures will help to a large extent the aims of the agricultural co-operatives.

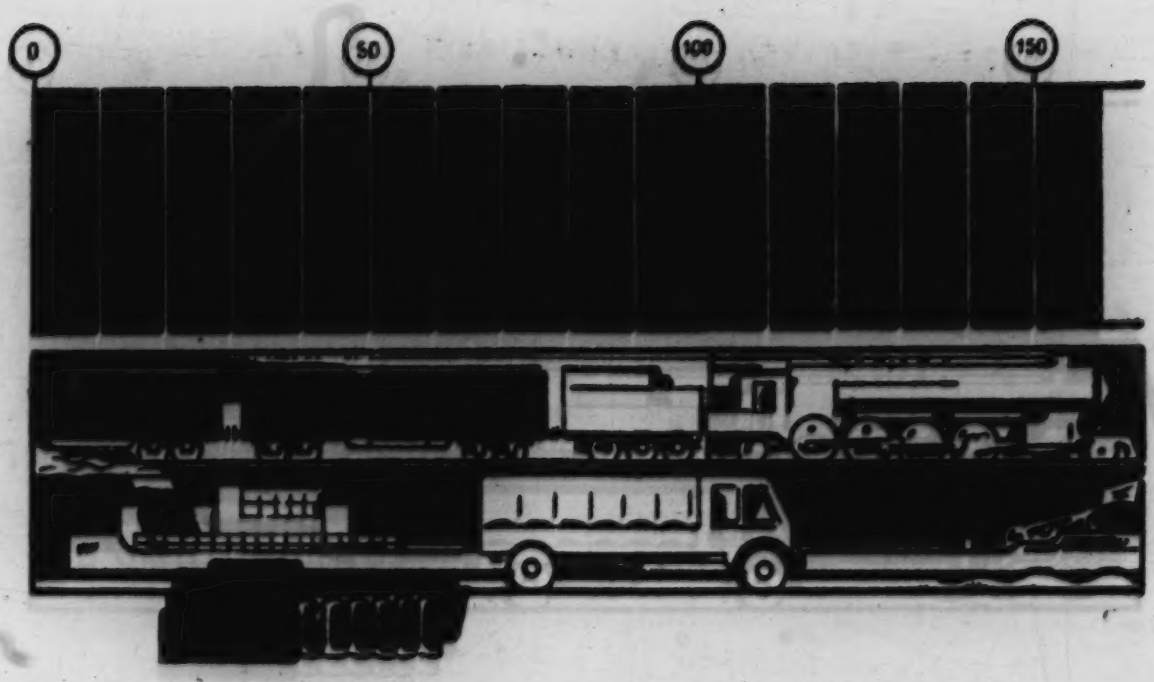
Article 37

During the period of the Five-Year Plan, the machine stations, the State farms and the producers' co-operatives will not only help to increase the yield of our agriculture, but at the same time to change fundamentally village society, mark a turning point in the socialist reorganisation of agriculture, ensure the laying of the foundations of socialism in agriculture and thus raise the level of the working peasantry and ensure its close federation and alliance with the working class.

C) Transport

Article 38

1) Considering the increase of industrial and agricultural production, and the decrease of the average transport distance as a result of the rationalisation of transport and the better geographical distribution of the newly created industrial enterprises, it has to be ensured that, by 1954, 60 per cent more goods can be carried than in 1949. In 1954, railway performance will have to reach 5,880 million ton-kilometres; river transport, 750 million ton-kilometres; State road goods transport, 170 million ton-kilometres; passenger transport has to be increased in such a way that by 1954 railways can carry 163 million passengers, river traffic 2 million, long distance buses 16 million, and civil aviation 120,000 passengers. The communications of large towns and industrial centres such as Greater Budapest, Miskolc, Ózd, Salgótarján, Pécs, have to be improved. Measures have to be taken to ensure that the population of industrial centres receive faster and more comfortable communications with the capital. In the



The amount of transported goods increases

period of the Plan it will have to be ensured that no single village in Hungary remains without rail or road communication connecting it to the main transport network of the country.

2) The development of transport and its increased capacity has to be achieved by the construction during the period of the Plan of 150 kilometres of new railway lines, 605 kilometres of concrete road, 310 kilometres of modern macadam road, 2,250 kilometres of secondary road and 5 new ports. Six large road and rail bridges across the Danube have to be rebuilt, including the Óbuda and Boráros Place bridges in Budapest and the railway bridge at Újpest, the Danube bridges at Baja and Dunaföldvár, and 4 Tisza bridges. One hundred and eighty-five kilometres of railway have to be electrified. Railway rolling stock and other means of transport have to be increased by 4,400 new goods-waggons, 23,000 motor trucks, 14,000 new

motor passenger vehicles, new steam and electric engines, motor and trolley-buses.

A further 1,500 villages will be connected by the new long-distance bus services. In Budapest a trolley-bus service will be established. The first line of the Budapest fast underground railway has to be constructed. The capacity of river traffic has to be increased by the construction of 6 modern motor tugs, 59 large barges, 2 new Danube passenger ships, and 3 new Danube sea-going ships, and other means of communication.

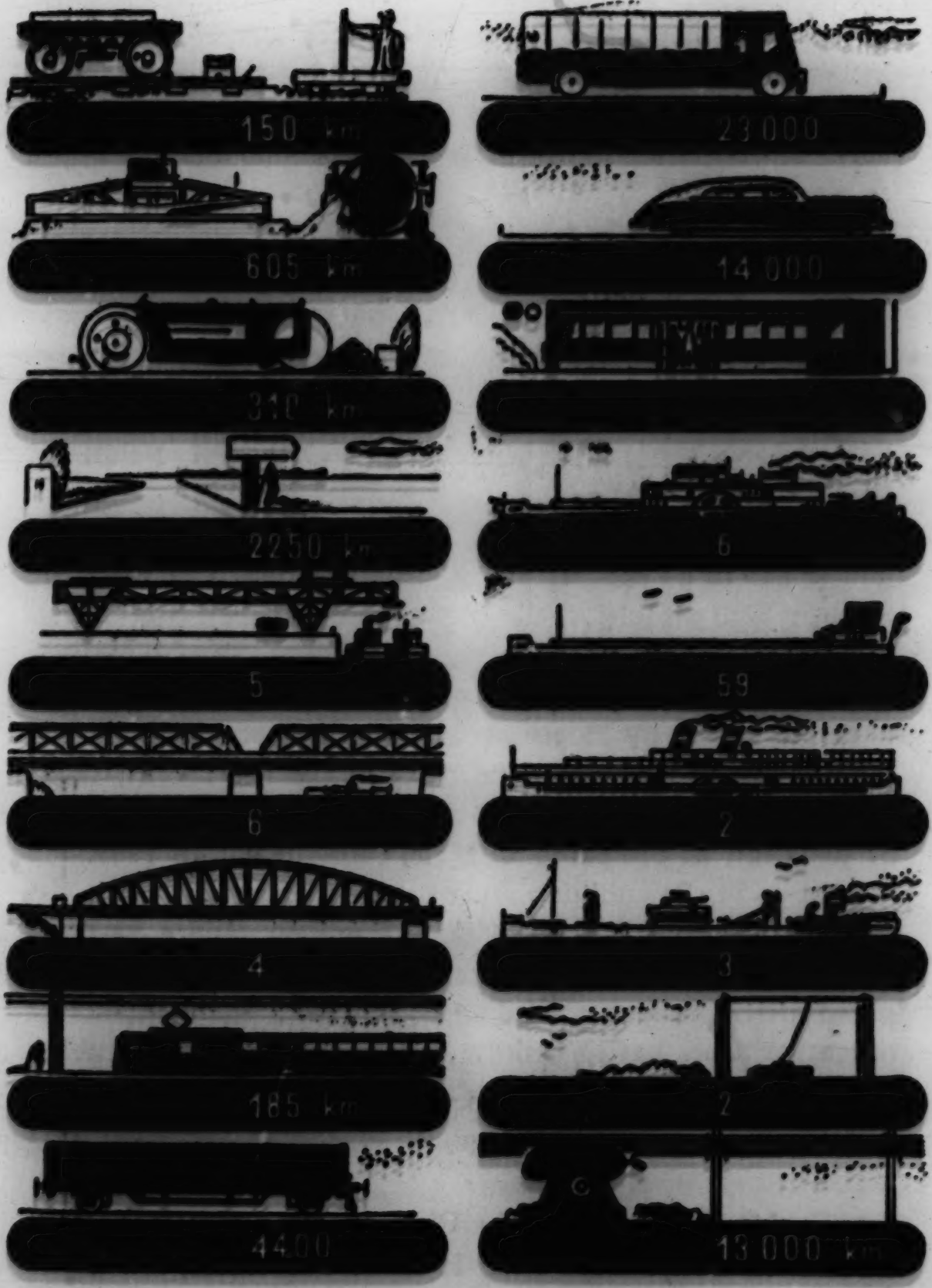
3) In order to improve postal and tele-communication services, new telephone exchanges and 2 new high-capacity broadcasting stations have to be put into service. The telephone cable network has to be developed, and 13,000 kilometres of aerial telephone lines have to be built. For the better service of the population, 365 new post-offices have to be opened.

4) During the period of the Plan the capacity of our communication and postal services has to improve so that by 1954 it shall surpass the 1938 level by 65 to 70 per cent.

D) Turnover of Goods

Article 39

The large increase in the quantity of consumer goods, the rise in the living standard of the population, the building of socialism in our country demands that State and co-operative trade be developed, and new shops, stores, warehouses and coldstorage plants be established. In consequence, 15 large new State stores have to be built during the period of the Plan. New food, textile, footwear and hardware shops, hotels, and restaurants have to be established. The number



Development of the communication system

of people's shops and State (KÖZÉRT) shops have to be increased, 66 large new commercial and 88 large fondware-houses have to be built. In the villages, the general agricultural co-operatives have to be supported and developed as an important organ for the exchange of goods between village and town, and giving a serious training in co-operation to the peasant farmers with dwarf holdings.

CHAPTER III

RAISING THE MATERIAL AND CULTURAL LIVING STANDARDS OF THE WORKING PEOPLE

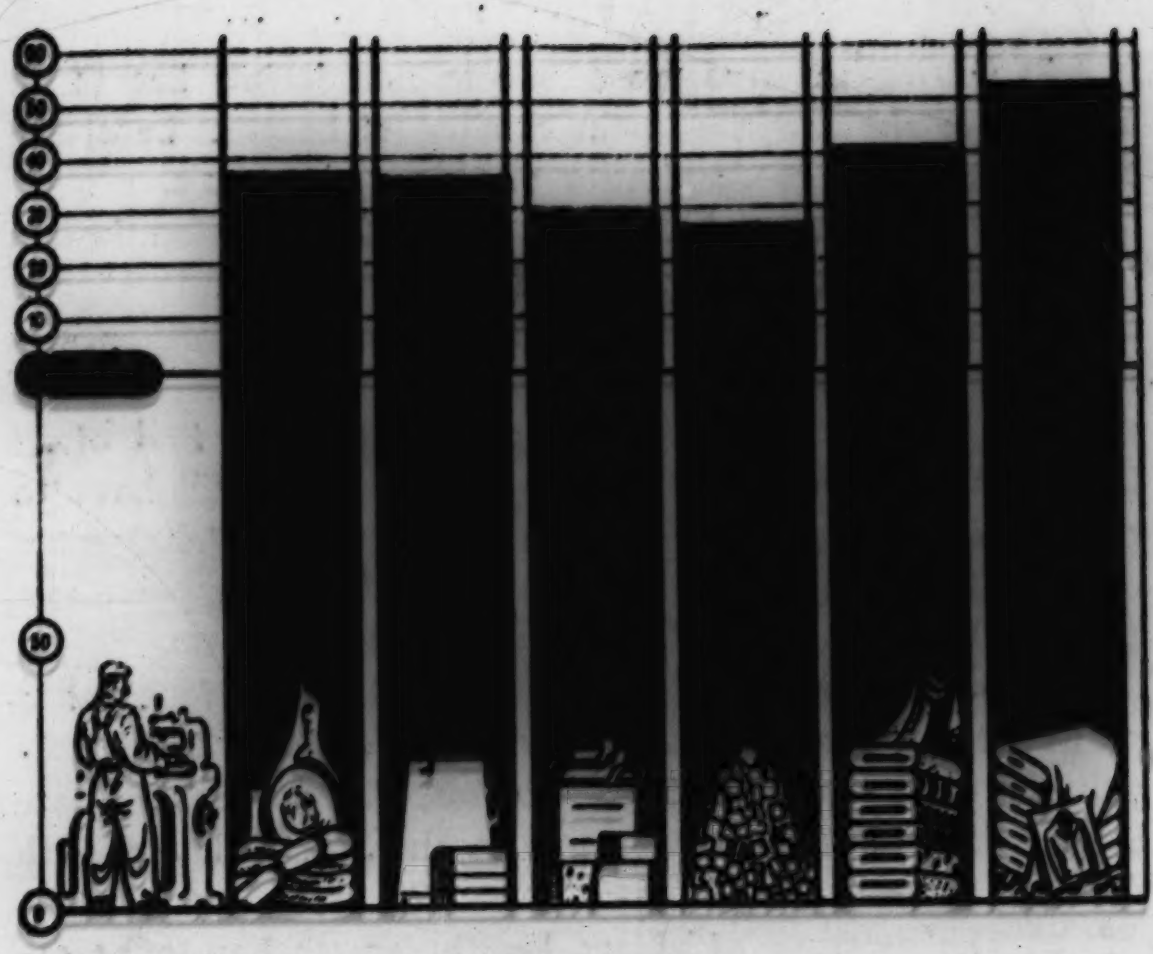
Article 40

It has to be ensured that, during the period of the Plan, beween 1950 and 1954, the consumption of food and manufactured goods per head of the population should increase considerably. In 1954, the amount of meat consumed per head has to rise by 36 per cent, fats by 34 per cent, milk and milk products (calculated in milk) by 28.1 per cent, sugar by 25 per cent, cotton cloth by 40 per cent, woollen cloth by 51 per cent, as compared with the consumption in 1949.

In 1954, 243 million square yards of cotton cloth has to be produced compared with 152 million square yards in 1949. Thirty six million square yards of woollen cloth, compared with 25 million square yards in 1949; the manufacture of leather shoes has to be increased by 95 per cent, of rubber footwear by 81 per cent within five years.

Article 41

During the period of the Plan, between 1950 and 1954, 180,000 new dwellings have to be built. Ninety thousand



Higher consumption

will be in towns, industrial and mining centres, and 90,000 in villages.

Article 42

1) During the period of the Plan, between 1950 and 1954 — accordings to the principle that the greatest value for the People's State is man — the considerable sum of 1,080 million forints has to be invested in the development and establishment of institutions serving the increase of working capacity of the working people — first of all the working class — and the protection of their families and their health.

2) During the five years, 386 million forints has to be devoted to the increase in the number of hospital beds, the development and modernisation of existing hospitals.

3) During the period of the Plan, 173.5 million forints has to be used for mother and child care, maternity homes, creches and day nurseries. The number of maternity homes has to be raised from 98 in the year 1949 to 155 in 1954, and the new maternity homes have to be established first of all in the mining and farming areas. The creches will have to receive 6,000 more infants, the day-nurseries 7,600 more children, and the school canteens will have to supply meals to 11,000 more school children during the five years.

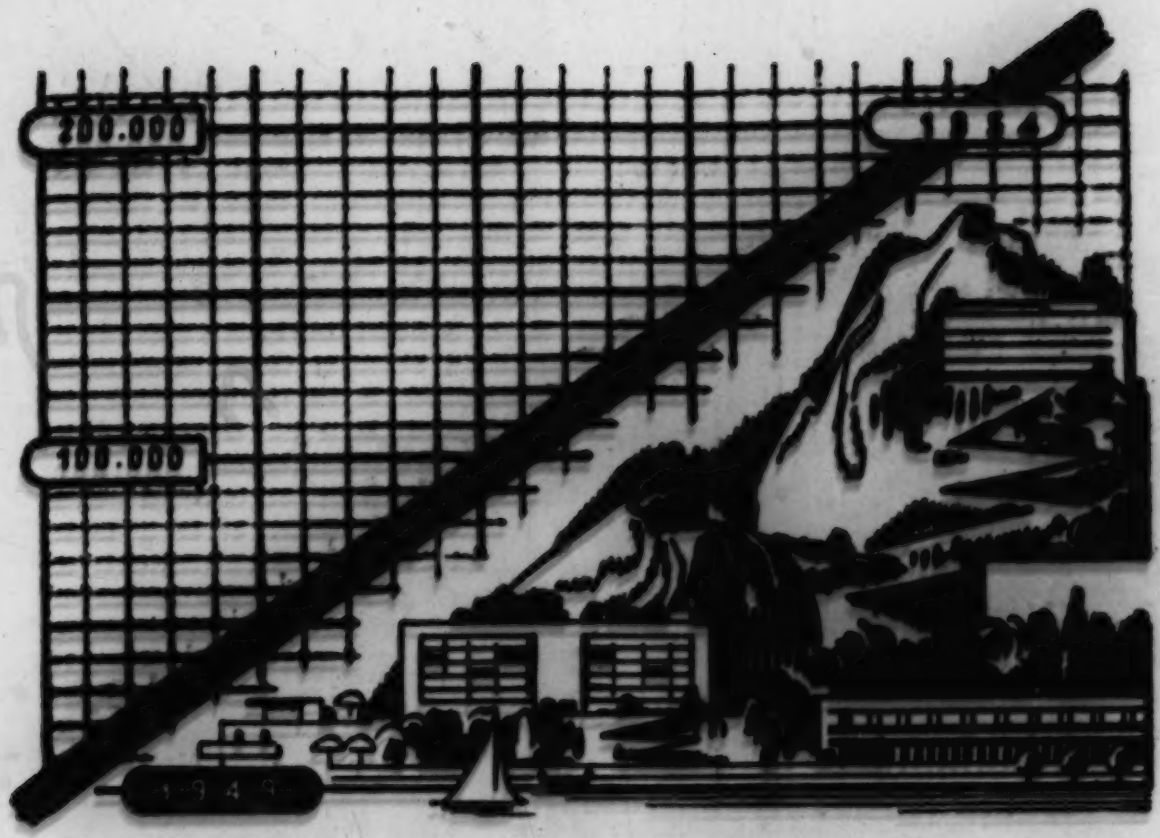
4) During the period of the Plan, 180 million forints has to be devoted to surgeries. New surgeries have to be established in Kispest, Mohács, Szentes, Komló, Salgótarján, Szolnok, Szombathely, Gyula and in the 3rd, 13th and 14th districts of Budapest.

5) The network of village health centres has to be expanded, and during the five years, 306 new village surgeries have to be established, at the cost of 64 million forints.

6) As a result of workers' paid holidays, that great achievement of the People's Democracy, provision has to be made to enable 200,000 more children and adult workers to spend their annual holidays in health resorts and spas.

Article 43

1) During the period of the Plan, from 1950 to 1954, the cultural monopoly of the former ruling class has to be eliminated, and an increase in the cultural level of the toiling classes made possible. The training of the children of workers, working peasants and intellectuals in specialised secondary



The number of holiday-makers increases

and high schools must be made possible and the growing demand for specialists in the country has to be satisfied.

2) It has to be ensured that all children of school age should complete the eight classes of the General School and that there should be no decrease in numbers in the upper classes. In order to achieve this, 322 million forints will be devoted to the building of new class rooms, better equipment of schools, new dwellings for teachers, etc. during the five years. During the period of the Plan the number of pupils receiving elementary education has to be raised by 62,000 and the number of teachers by 12,000.

3) The number of pupils in the secondary schools has to be raised by 45,000 within five years and the recently begun reform of secondary schools has to be developed further. Thirty new secondary schools have to be established, first

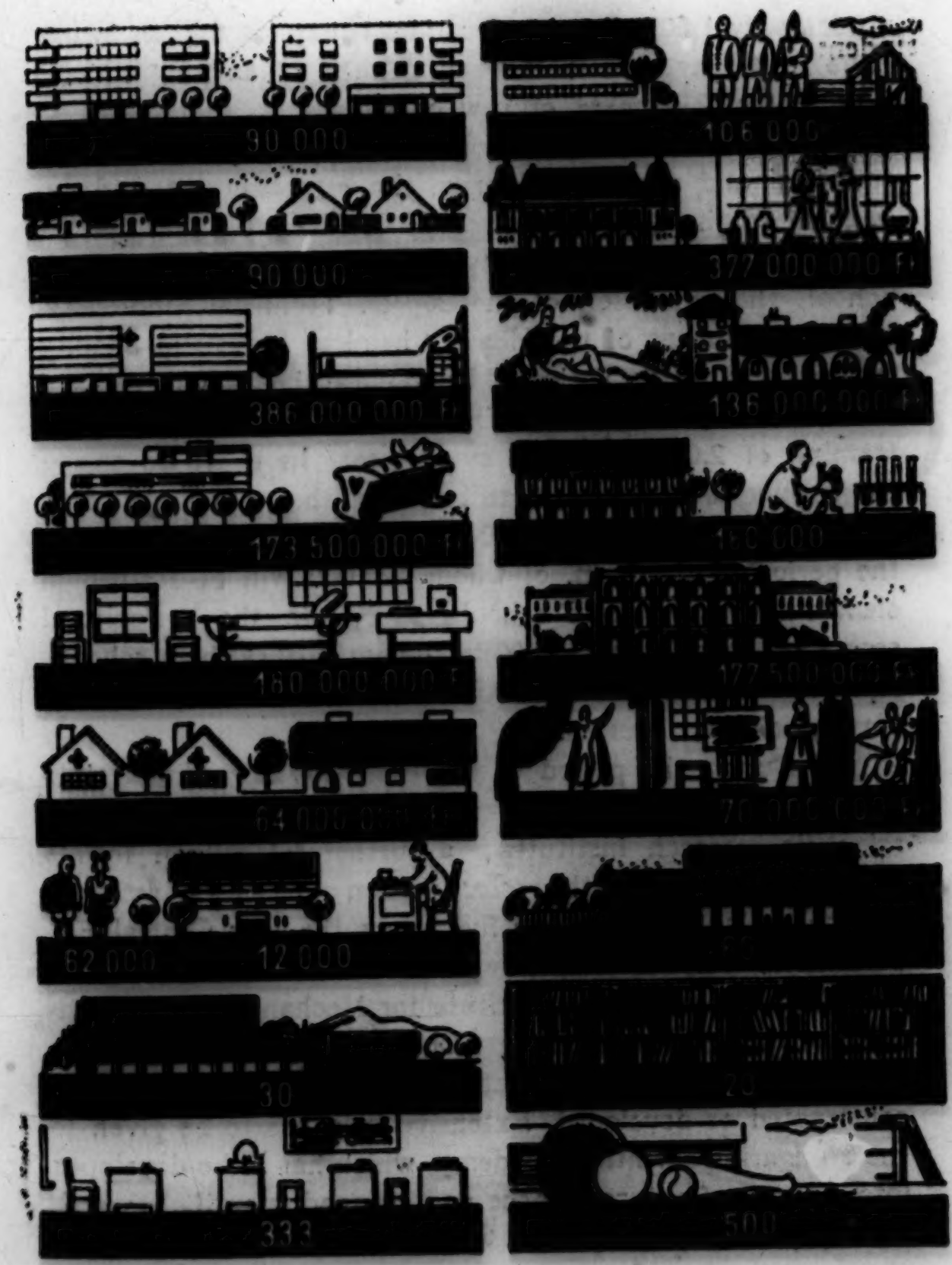
of all in the mining and industrial areas, such as Diósgyőr, Ózd, Pécsbányatelep, Salgótarján, Mohács, Dorog and in the Angyalföld, Óbuda and Csepel districts of Budapest.

4) In order to develop industrial education, the number of class rooms in the industrial apprentices' schools shall be increased from 167 in 1949 to 500 during the period of the Plan, the places in the training workshops from 3,900 to 14,900 within five years, and the places in the apprentices' homes from 3,500 to 10,000.

5) In order to develop specialised agricultural training, the number of pupils in agricultural elementary schools has to be raised by 97,000 and in agricultural secondary schools by 9,000 within five years.

6) The rebuilding of the universities has to be finished, their equipment modernised, and new institutions, research laboratories and research stations have to be established. Three hundred and seventy-seven million forints have to be invested in the development of higher education during the period of the Plan. Of this, 228 million forints will be for the development of technical high schools, 40 million for the development of the University of Agricultural Science, and 18.5 million forints for the development of the University of Economic Sciences. The number of university students has to be increased by 8,000 within five years.

7) In order that working class and peasant youth should be able to continue their studies, and to prevent the falling off in numbers of the higher classes, increasingly large numbers of students will have to be placed in State residential colleges during the period of their studies. The number of places in the State residential colleges for General School pupils has to be raised during the period of the Plan by 1,700; for secondary school students by 3,500, and for high school


30 000
106 000
90 000
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136 000 000 Ft
173 500 000 Ft
160 000
160 000 000 Ft
177 500 000 Ft
64 000 000 Ft
62 000
12 000
30
333
500

students by 1,500. One hundred and thirty six million forints have to be invested in the enlargement of existing colleges and the establishment of new ones.

8) As a result of the development of high schools, especially technical and agricultural ones, the establishment and expansion of the Miskolc University for Heavy Industry, the Budapest Technical University, the Budapest Technical High School, the expansion of the Sopron Technical University, the establishment of the Heavy Chemical Industrial Faculty in Veszprém, of the Technical University, the growing demand in the country for skilled technicians can be satisfied by the training of 2,000 engineers every year. In order to ensure the supply of agricultural technicians, the agricultural high schools have to train 160,000 agricultural technicians within the period of the Plan, of whom 120,000 will be trained in elementary agricultural schools, 27,000 in the agricultural secondary schools and 13,000 in the agricultural high schools. Apart from these, another 200,000 will be trained in elementary specialised courses.

9) During the period of the Plan, 177.5 million forints have to be invested in the establishment and expansion of scientific research institutes; a further 23 million forints have to be invested in the reconstruction of scientific institutes and collections. During the five years the new Central Experimental Physics Institute, the Inorganic and Organic Chemistry Institute, the Institute for Mechanisation in Agriculture, the Institute for Agro-Chemistry and Agro-Biology, the Economic Science Institute, etc. have respectively to be constructed or developed. Extensive help has to be given to the Hungarian Scientific Academy, which has to be developed into a centre of natural science and planned scientific research serving primarily the productive forces of the country.

Article 44

1) During the period of the Plan, far-reaching provisions have to be made for the encouragement of the arts, and for the development of cultural institutions and art education. During the five years, 70 million forints have to be invested for this purpose, a new building constructed for the Academy of Dramatic Art; the Academy of Industrial Art, the Academy of Music, and the Academy of Fine Arts have to be expanded. The new National Theatre, one of the most important centres of Hungarian dramatic art, and also of Hungarian culture, has to be built. A new theatre has to be built in Győr, and an open-air theatre in Tata.

2) Bock publication has to be increased and the price of books reduced in order that culture should be within the reach of even broader masses than before.

Article 45

1) In order to raise the cultural standards of the toiling masses, and to further their self-education and artistic activities, the network of cultural centres and factory clubs has to be expanded in the towns and villages. During the period of the Plan, 60 new cultural centres have to be constructed, and another 140 have to be repaired and developed. Fifty-four million forints have to be used for this purpose within five years.

During the period of the Plan, 8 large culture palaces for workers of large enterprises, have to be built in the neighbourhood of factories.

2) The network of people's libraries in factories, village machines stations, and co-operatives has to be greatly devel-

oped. During the period of the Plan, 20 new district library centres have to be established.

Article 46

The film industry has to be put into the service of educating and entertaining the working people. During the period of the Plan, 10 new cinemas, holding 10.000 people have to be constructed. Hungarian film production has to be developed, and the number of feature films has to increase from 14 to 26 during the period of the Plan. A new modern film studio has to be built, standard and sub-standard film laboratories and synchronising stations for the translation of foreign language films into Hungarian have to be established.

During the period of the Plan, every village in the country has to be provided with a small film projector or the services of a mobile cinema, in order that the toilers in the villages should also have at their disposal this important means of cultural education.

Article 47

During the period of the Plan, the broadcasting network of the country has to be further developed. The number of studios of the Hungarian Radio have to be doubled within five years. Fifty-nine million forints have to be invested in the development of broadcasting and the building of new studios.

Article 48

1) During the period of the Plan sporting facilities must be made available for the largest numbers, and particularly

for youth, in order that all branches of sport can be followed. In the mass participation in sport, the basis will be created for the selection of champion sportsmen and women.

2) By 1952, the construction of the People's Stadium in Budapest, holding 70,000 spectators, has to be finished.

3) During the period of the Plan, 400 new sports-grounds and about 100 other sports-establishments (swimming pools, gymnasiums, etc.) will be built.

4) In order to increase considerably the number of coaches and sports instructors, the physical training schools have to be expanded. A new gymnasium has to be built for the further development of the Academy of Physical Training.

Article 49

1) In the period of the Plan, the large-scale construction of public works has to be carried out. The public works of towns and villages have to be developed; the investments necessary for the development of towns and villages have to be increased in order to improve the material and cultural living conditions of the working people.

2) During the five years, 480 million forints have to be used for public buildings (new Government buildings, county- and town halls, etc.), 851 million forints for the development of towns and villages, 545 million forints for the building of water pipes and sewage systems.

3) For the purpose of housing the Supreme State administration and Government, the Castle of Buda, destroyed in the Fascist war, has to be rebuilt, through the investment of 130 million forints. Four hundred new villages halls have to be built, at the expense of 40 million forints. One hundred and ninety thousand people will be supplied

with drinking water as a result of the expansion of the water supply system, at a cost of 285 million forints. A piped water system will be laid in Mohács, Ózd, Kecskemét, Nyiregyháza, Hódmezővásárhely, Békéscsaba, Tatabánya and other industrial areas.

4) The creation of Greater Budapest necessitates the gradual inclusion of the suburbs into the network of municipal and public works. It is therefore necessary to build a water and sewage system in Csepel, Kispest, Pesterzsébet, Rákospalota and other settlements belonging to the capital, at the cost of 168 million forints.

Article 50

1) The investments of the Five Year Economic Plan concerning culture, health protection and village development have to contribute to raising the standard of the working peasantry and have to serve the great purpose of gradually eliminating the cultural and economic differences existing between town and village.

2) During the period of the Plan more than one milliard forints have to be invested in order to satisfy the cultural needs of the working peasantry, not counting the shares of the villages in the advantages of the General School system, and those other investments which serve both towns and villages. The increase in the cultural level of the working peasantry has to be supported by the expansion of a broad network of village health centres, cultural centres, people's libraries and sports grounds.

3) During the period of the Plan, 1,512 villages will be supplied with electricity, which will mean that by 1954 there will be no villages in Hungary without electric light.

4) In 1954, every village has to possess radio, telephone and film projector.

5) Within five years, 250 farm centres will have to be established which will help to combat the cultural isolation and backwardness of the peasantry.

6) Within five years 2,000 new wells costing 60 million forints have to be built to provide a large percentage of the villages with clean drinking water.

7) From the working peasants and agricultural labourers, 40,000 tractor drivers have to be trained, as well as a further large number or skilled agricultural workers. A considerable part of the students of agricultural secondary and high schools have to come from their ranks.

FINAL MEASURES

Article 51

1) In the period between January 1st, 1950 and December 31st, 1954, the economic life of the Hungarian People's Republic is directed by the Five-Year Economic Plan contained in the above law.

2) The Council of Ministers, the Ministers and the various State administrative organs are obliged to guide the economy of the Hungarian People's Republic in such a way as to ensure the development of the people's economy in part and in full as prescribed by law. At the same time they have to consider that the Five-Year Plan as contained in the above law is only an approximation to those mighty possibilities which are hidden in our people's democratic order, which is building socialism, and that the Five-Year Plan in the course of its implementation in the towns and villages, has to be made

perfect and supplemented by the rich experience and creative initiative of the toilers — workers, peasants and intellectuals — and that they have to further not only the completion, but the over-fulfilment of the Plan.

3) The Council of Ministers is duty bound — on the basis of the present Five-Year Economic Plan — to judge and sanction the detailed Five-Year Plan of each Ministry, and the Ministers are duty bound to ensure that the Plan is carried down into the factories, the workshops and to the work bench.

4) The Council of Ministers is duty bound to organise and ensure the consecutive and regular supervision of the implementation of the Five-Year Economic Plan.

In order to implement successfully the Five-Year Economic Plan it is absolutely necessary:

to be strictly economical, to struggle against extravagance, to strengthen the defence of public wealth, to centralise the means of the State for the implementation of decisive tasks;

that the broadest masses of toilers, workers, peasants, intellectuals and the working people, should work self-sacrificingly, conscienciously and with discipline for the implementation of the Plan, and that the work competitions in towns and villages should become a real mass movement;

that in every sphere we should display the greatest vigilance against internal and external enemies who cannot resign themselves to the victories of the Hungarian working people, and will do everything in their power to hinder our work of building the country;

that we should develop and strengthen the worker-peasant character of our State, and should realise, step by step, the aims of the Constitution of the Hungarian People's Republic;

that every patriotic and creative force of the nation should unite, the alliance of the working class and the working peasantry should be indissoluble, in the common work of building the country, against reaction, exploiting elements, and imperialist agents; that the leadership of the working class in the Party, the Communists, the Hungarian Working People's Party, should be steadfast;

that we should develop even closer and broader economic links with the Socialist Soviet Union, and with the economies of the People's Democracies in the course of building socialism, deepening in every sphere the friendly collaboration with the leader of anti-imperialist Peace Front, the great Soviet Union and the Peoples' Democracies in order to defend peace and ensure our work of construction.

The Five-Year Plan is the road of the People's Democracy towards a wealthy, strong, cultured, socialist Hungary.